

TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

Date of Closing: December 19, 1986

BOND TRANSCRIPT

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December 19, 1986

WRITER'S DIRECT DIAL NUMBER

Town of Harpers Ferry Sewer Revenue Bonds, Series 1986 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$611,912 aggregate principal amount of Sewer Revenue Bonds, Series 1986 A (the "Local Bonds"), of the Town of Harpers Ferry (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

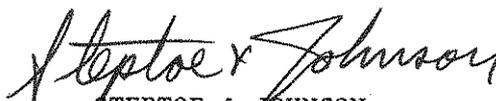
Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code") to support the conclusion that the Local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

In the Certificate as to Arbitrage, the Issuer represented that (i) the Issuer has general taxing powers to finance operations of or facilities of the nature of the Project; (ii) the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt bonds during the calendar year 1986, being the calendar year in which the Bonds were issued; and (iii) the Issuer has issued no other tax-exempt bonds during such calendar year. We express no opinion herein as to the taxability of the interest on the Local Bonds in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code, and any regulations promulgated thereunder.

West Virginia Water Development Authority
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Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate of Arbitrage that proceeds of the Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

Very truly yours,


STEPTOE & JOHNSON

04/08/87
HARP5-I

WILLIAM H. MARTIN

ATTORNEY AT LAW

P. O. BOX 1003

110 S. GEORGE STREET

CHARLES TOWN, WEST VIRGINIA 25414

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December 19, 1986

Town of Harpers Ferry
Water Revenue Bonds,
Series 1986 A and Series 1986 B

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

Steptoe & Johnson
P.O. Box 2190
Clarksburg, West Virginia 26301

Gentlemen:

I am attorney for the Town of Harpers Ferry, in Jefferson County, West Virginia (the "Governmental Agency"). As such attorney, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated July 31, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Governmental Agency Bonds of the Governmental Agency. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

2. The members of the town council of the Governmental Agency have been duly and properly elected, have taken the requisite oaths, and are authorized to act on behalf of the Governmental Agency.

West Virginia Water Development Authority,
et al.
Page 2

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

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

5. The Governmental Agency has received all permits, licenses, approvals and authorizations necessary for the issuance of the Governmental Agency Bonds, construction of the Project, operation of the System and imposition of rates and charges, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges and the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia. The time for appeal of such rate ordinance has expired prior to the date hereof.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement or the validity of the Governmental Agency Bonds or the collection or pledge of the Gross Revenues therefor.

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

Very truly yours,



William H. Martin
Attorney at Law

WHM:pab



TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

GENERAL CERTIFICATE OF GOVERNMENTAL AGENCY ON:

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

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Harpers Ferry in Jefferson County, West Virginia (the "Governmental Agency"), and the undersigned ATTORNEY for the Governmental Agency, hereby certify in connection with the \$762,000 aggregate principal amount of the Town of Harpers Ferry Water Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Governmental Agency enacted November 24, 1986, and a Supplemental Resolution adopted December 16, 1986 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Governmental Agency Bonds, construction of the Project, operation of the System, receipt of the Grant Receipts or the Gross Revenues, or in any way contesting or affecting the validity of the Governmental Agency Bonds or the Grants or any proceedings of the Governmental

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

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Governmental Agency since the approval and execution and delivery by the Governmental Agency of the Loan Agreement and the Governmental Agency has met all conditions prescribed in all previous loan agreements, if any, entered into between the Governmental Agency and the Authority. Except for the Governmental Agency's Water Revenue Bonds, Series 1986 C, issued concurrently with the Governmental Agency Bonds, on a parity with the Series 1986 A Bonds, there are no outstanding debt obligations of the Governmental Agency, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System. The Governmental Agency's Water Revenue Bonds, Series 1964, have been defeased in accordance with the Ordinance authorizing such bonds simultaneously with the issuance and delivery of the Governmental Agency Bonds.

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

Charter of the Town of Harpers Ferry.

Bond Ordinance.

Supplemental Resolution.

Rate Ordinance.

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

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

Loan Agreement.

National Park Service Grant Agreement.

West Virginia Small Cities Grant Agreement.

Public Service Commission Final Order
entered November 13, 1986.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Governmental Agency is the "Town of Harpers Ferry" and it is a municipal corporation in Jefferson County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Governmental Agency is its Council consisting of 5 members and a Mayor whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Bradley D. Nash, Mayor	July 1, 1985	June 30, 1987
David H. Brady, Councilmember	July 1, 1985	June 30, 1987
Lloyd S. Hough, Councilmember	July 1, 1985	June 30, 1987
Anna W. Phillips, Councilmember	July 1, 1985	June 30, 1987
Ruby B. Reeler, Councilmember	July 1, 1985	June 30, 1987
Walter D. Stowell, Councilmember	July 1, 1985	June 30, 1987

The duly elected and acting Recorder is W. Clifton Butts. The duly appointed and acting Attorney for the Governmental Agency is William H. Martin, Esquire, Charles Town, West Virginia.

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

purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Governmental Agency to pay for the same without jeopardizing the security of or payments on the Governmental Agency Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Governmental Agency in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Governmental Agency duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act.

10. GRANTS: As of the date hereof, the Grants are committed and in force and effect as follows:

National Park Service Grant	\$ 691,000
West Virginia Small Cities Grant	<u>750,000</u>
Total	<u>\$1,441,000</u>

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

12. RATES: The Governmental Agency has duly enacted an Ordinance on September 18, 1985, setting rates and charges for

the services of the System. Such ordinance is presently in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Governmental Agency Bonds of the aforesaid issue, all dated December 19, 1986, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Governmental Agency to be imprinted upon each of said Governmental Agency Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Governmental Agency Bonds to a representative of the Authority as the original purchaser of the Governmental Agency Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. GOVERNMENTAL AGENCY BONDS PROCEEDS: On the date hereof the Governmental Agency received from the Authority the agreed purchase price of the Series A Bonds, being \$611,912 (100% of par value), there being no interest accrued thereon. Proceeds of the Series 1986 B Bonds in the amount of \$150,088 are expected to be received in approximately 60 days.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper of general circulation of the Town of Harpers Ferry, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in the Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 24th day of November, 1986, at 7:00 p.m., in the Council Chambers of the Town Hall of the Town of Harpers Ferry and present protests, and stating that a certified copy of the Bond Ordinance was on file with the Council for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

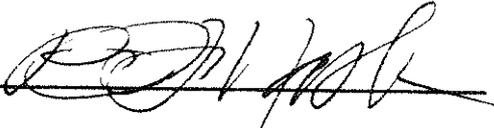
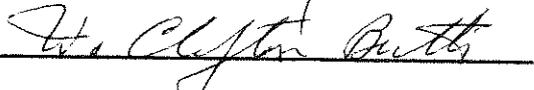
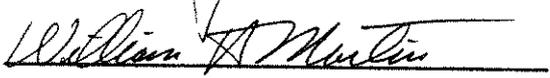
16. PRIVATE USE OF FACILITIES: The Governmental Agency shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the tax-exempt status of the Governmental Agency Bonds. Less than 10% of the proceeds of the Governmental Agency Bonds will be used,

directly or indirectly, for any private business use, and less than 10% of the payment of principal on, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Governmental Agency) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Governmental Agency Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Governmental Agency Bonds, including the disproportionate related business use of the proceeds of the issue of the Governmental Agency Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Governmental Agency) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Governmental Agency Bonds. None of the proceeds of the issue of the Governmental Agency Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, use in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public, all within the meaning of Section 141 of the Internal Revenue Code of 1986.

17. SPECIMEN GOVERNMENTAL AGENCY BONDS: Delivered concurrently herewith are true and accurate specimens of the Governmental Agency Bonds.

WITNESS our signatures and the official seal of the TOWN OF HARPERS FERRY on this 19th day of December, 1986.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
 _____	Mayor
 _____	Recorder
 _____	Attorney for Governmental Agency

12/15/86
HARP5-K

TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A

CERTIFICATE AS TO ARBITRAGE

I, BRADLEY D. NASH, Mayor of the Town of Harpers Ferry, in Jefferson County, West Virginia (the "Governmental Agency"), being one of the officials of the Governmental Agency duly charged with the responsibility for the issuance of \$611,912 aggregate principal amount of Water Revenue Bonds, Series 1986 A, of the Governmental Agency, dated December 19, 1986 (the "Governmental Agency Bonds"), hereby certify as follows:

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

2. This certificate may be relied upon as the certificate of the Governmental Agency.

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Governmental Agency in existence on December 19, 1986, the date on which the Governmental Agency Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Governmental Agency set forth herein are reasonable.

5. In the Ordinance pursuant to which the Governmental Agency Bonds are issued, the Governmental Agency has covenanted to make no use of the proceeds of the Governmental Agency Bonds which

would cause the Governmental Agency Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Governmental Agency Bonds were sold on December 19, 1986, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$611,912 (100% of par).

7. The Governmental Agency Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain new waterworks facilities (the "Project"), funding a reserve account, capitalizing interest on the Governmental Agency Bonds and paying costs of issuance thereof.

8. The Governmental Agency shall, within 30 days following delivery of the Governmental Agency Bonds, enter into agreements which require the Governmental Agency to expend in excess of \$100,000 on the Project. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Governmental Agency Bonds, all of the proceeds from the sale of the Governmental Agency Bonds, together with any investment earnings thereon will be expended for payment of Costs of the Project on or before June, 1989. Construction of the Project is expected to be completed by May, 1989.

9. The total cost of the Project is estimated at \$2,200,700. The amount of Project costs not expected to be reimbursed or paid from grants and tap fees is estimated to be at least \$762,000. Except for the proceeds of the Governmental Agency Bonds, the Series 1986 B Bonds, the Grants and the tap fees, no other funds of the Governmental Agency will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;

(4) Series 1986 A Bonds Sinking Fund, and within the Series 1986 A Bonds Sinking Fund the Series 1986 A Bonds Reserve Account; and

(5) Series 1986 B Bonds Sinking Fund, and within the Series 1986 B Bonds Sinking Fund and the Series 1986 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act the proceeds of the Governmental Agency Bonds (and the Series 1986 B Bonds described in the Local Act, which bear no interest) will be deposited as follows:

(1) The sum of \$78,000 will be deposited in the Series 1986 A Bonds Sinking Fund to pay interest on the Series 1986 A Bonds for a period of approximately 18 months.

(2) Series 1986 A Bonds proceeds in the amount of \$53,806 will be deposited in the Series 1986 A Bonds Reserve Account and Series 1986 B Bonds proceeds in the amount of \$3,950 will be deposited in the Series 1986 B Bonds Reserve Account, which sums are equal to the respective maximum annual debt services on the Series 1986 A and Series 1986 B Bonds, and which sums are less than 10% of the several and combined net proceeds thereof.

(3) The balance of the proceeds of the Governmental Agency Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

12. All moneys in the Series 1986 A Bonds Sinking Fund (excepting income earned thereon which will be refunded annually to the Governmental Agency and deposited in the Revenue Fund) will be held for the payment of the interest to accrue on the Governmental Agency Bonds on or prior to the maturity thereof. Moneys held in the Series 1986 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Governmental Agency Bonds and will not be available to meet costs of construction of the Project.

13. Except for the Series 1986 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Governmental Agency which are reasonably expected to be used to pay debt service on the Governmental Agency Bonds or which are pledged as collateral for the Governmental Agency Bonds and for which there is a reasonable assurance that amounts therein will be available to

pay debt service on the Governmental Agency Bonds, if the Governmental Agency encounters financial difficulties.

14. The Governmental Agency expects that no part of the Project financed by Bonds will be sold or otherwise disposed of prior to the last maturity date of the Governmental Agency Bonds.

15. With the exception of the amounts deposited in the Series 1986 A Bonds Sinking Fund for payment of interest on the Governmental Agency Bonds and in the Series 1986 A Bonds Reserve Account, all of the proceeds of the Governmental Agency Bonds will be expended on the Project within 18 months from the date of issuance thereof.

16. Any money deposited in the Series 1986 A Bonds Sinking Fund for payment of the principal of or interest on the Governmental Agency Bonds (other than the Series 1986 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

17. The Governmental Agency shall rebate to the United States the amounts required by Section 148 of the Internal Revenue Code of 1986, and shall take all steps necessary to make such rebates. In the event the Governmental Agency fails to make such rebates as required, the Governmental Agency shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

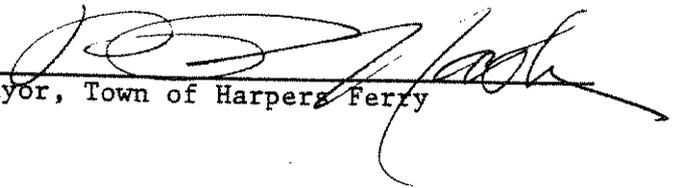
18. The Governmental Agency has general taxing powers to finance operations of or facilities of the nature of the System, and the Governmental Agency and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt bonds during the calendar year in which the Bonds are to be issued and has issued no obligations during the current calendar year except for the Series 1986 A, the Series 1986 B and the Series 1986 C Bonds, which aggregate the sum of \$850,000.

19. The Governmental Agency will take all further actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

20. The original proceeds of the Governmental Agency Bonds will not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 19th day of
December, 1986.



Mayor, Town of Harpers Ferry

12/15/86
HARP5-L

TOWN OF HARPERS FERRY

Water Revenue Bonds, Series 1986 A and Series 1986 B

ENGINEER'S CERTIFICATE

I, Charles P. Blackley, Jr., P.E., Registered Professional Engineer, West Virginia License No. 8370 of Patton, Harris, Rust & Associates, Consulting Engineers, Fairfax, Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions and improvements for the existing municipal waterworks system (the "Project") of the Town of Harpers Ferry (the "Governmental Agency"). Certain costs of such construction and acquisition are being permanently financed in part by proceeds of the above-captioned bonds (the "Governmental Agency Bonds") and out of certain grant proceeds from the National Park Service and others.

2. The undersigned hereby certifies that (i) to the best of our knowledge the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, as described in the Application submitted to the West Virginia Water Development Authority (the "Application") and approved by all necessary governmental bodies and is situate within 20 miles of the boundaries of the Town of Harpers Ferry; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals and permits for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in the Application and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds will be verified by my firm for accuracy and completeness; (iv) the Governmental Agency has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project and operation of the System; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) my firm has provided information to Cox, Allemong and Company, CPA's, pertaining to project costs, anticipated operation and maintenance costs and anticipated customer usage, and hereby consent to their

use of such information in determining the adequacy of user rates for the waterworks system of the Governmental Agency; and (viii) the net proceeds of the Governmental Agency Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay in full the Costs of the Project as the same shall become due and payable.

WITNESS my signature on this 19th day of December, 1986,
1986.

PATTON, HARRIS, RUST & ASSOCIATES

By



Charles P. Blackley, Jr., P.E.
Vice President

12/05/86
HARP4-D



COPY



December 19, 1986

120 N. George St.
P.O. BOX 610
~~X~~ WASHINGTON ST.
MASON BUILDING
CHARLES TOWN, WV 25414
(304)725-6525

West Virginia Water Development
1201 Dunbar Avenue
Dunbar, WV 25065

Re: Town of Harpers Ferry

Gentlemen:

We have compiled the information provided to us regarding the Harpers Ferry Water System Improvement Project. The information was provided to us in order that we could calculate a debt service coverage requirement of the West Virginia Water Development Authority. Specifically, the computation was prepared to satisfy the requirements of Articles 3.1(f) and 4.1-(b)(ii) of the District's loan agreement with the West Virginia Water Development Authority which requires the District to establish a schedule of rates and charges for services of the system that will pay all operating and maintenance expenses and leave a balance each year equal to at least 110% of the maximum annual debt service on the bonds issued to the Water Development Authority and any other prior or parity obligations secured by the revenues of the system. The computation should not be used for any other purpose. The information used in our computations were as follows:

From the Town of Harpers Ferry, we used the most recent fiscal year data for the revenues produced under the current water rates. We increased the current revenue by the weighted average of the rates as enacted, producing a total estimated gross revenues of \$169,380.

We contacted Patton, Harris, Rust, and Associates and requested an update on the operating expenses that they had prepared. It was determined that none of the costs would have increased more than 4% from the earlier projection, bringing the total estimated operating costs to \$90,376.

The debt obligations were determined by discussions with the lending institutions. The Water Development Authority calculated the debt serviced on the \$762,000 loan would be \$57,760 annually. The \$88,000 loan from the Peoples Bank of Charles Town would have a possible highest amount due of \$11,628. Thereby, the total debt obligation would be \$69,388.

West Virginia Water Development
Page 2
December 19, 1986

It is our opinion that such rates and charges will be sufficient to provide revenue which, together with other revenues of the waterworks system of the Town of Harpers Ferry, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1986 A, and Series 1986 B to be issued to Water Development Authority and all other obligations secured or payable from the revenues of the System prior to or on a parity with such Water Revenue Bonds, Series 1986 A and Series 1986 B.

If you have any questions, please contact me directly.

Sincerely,

COX, ALLEMONG & COMPANY



John P. Lantzy, CPA

JPL:lk

CC: Vince Collins, Esq.
Steptoe and Johnson
P. O. Box 2190
Clarksburg, WV 26301

Ms. Samme L. Gee, Esq.
Jackson, Kelly, et. al.
1600 Laidley Street
P. O. Box 553
Charleston, WV 25322



April 16th 1872. — Court met pursuant to adjournment
present same judge as on Wednesday the 11th preceding. &
Yesterday were read corrected writs which were
signed by the Court.

Thomas A. Brown v. J. P. ...

vs.
John R. ...

This cause came on to be read this 16th day of April 1872.
On the part of answer and exhibits on a letter of the
plaintiff Annie M. Brown was filed among the papers
of this cause and was argued in answer to an
objection where the Court considered the propriety
of the bill as far as it prays the appointment
of a trustee, which it is granted & it appearing by
said letter that she has chosen Richard W. Wash-
ington to be trustee — It is adjudged, ordered and
decreed that the said Richard W. Washington
be substituted as trustee in the place of George
Washington deceased late trustee to the separate
use of the female plaintiff — But the Court
is not to pay any money, he said 1000 \$, amount-
ing before acting, in the quality of trustee
dollars, conditioned to account for the funds
he may receive.

In the matter of the application of
Charles Davies, Esq. to chambers of the Court of
Sessions for certificate of incorporation of
Harpers Ferry.

This cause came on for hearing and
it appearing by the filing of a certificate of the
Judge Esq. of the Court of Sessions that in
accordance with a notice which was duly posted
the voters of Harpers Ferry, Jefferson County, met
at a time & place mentioned in said notice and
voted for and against incorporation, the result
being a majority of their votes in favor of incor-
poration — And satisfactory proof having been
adduced that all the provisions of the law have
been complied with — It is ordered that the clerk
of this Court issue a certificate of the incor-
poration of Harpers Ferry as follows. — A
certificate under seal of William E. ...
Esq. of chambers of the Court of Sessions, that a
majority of all the qualified voters residing
in the following precincts, to wit, being
meeting at the aforesaid place and at
the junction of the Potomac river ...

... river (Fig 1 in plat) running thence up the
 ... river, following the meanders thereof N 21°
 W 12 poles; S 30° 15' W, 114 poles; S 57° 10' W, 9 poles; N 67° 15' W,
 26 poles; S 1° 15' W, 34 poles; S 84° 10' W,
 16 poles; S 61° 10' W, 110 poles; S 39° 30' W, 70 poles; S 147° W, 16 poles;
 S 86° W, 8 poles; S 54° 30' W, 14 poles; S 4° W, 36 poles; S 56° 30'
 W, 23 poles to a point supposed to be the corner of the
 ... States land and Samuel W. Strider (Fig 2)
 thence with the line of said Strider & C. Brackett, being
 the old United States line S 6° 10' W, 103 poles to a East
 corner to the said lot (3) thence with said lot and N 6°
 West and other being the old U. States line S 75° 10'
 E 156 poles to a cur stone (4) thence S 60° 10' E, 36 poles
 to a cur stone marked U.C. (5) thence S 1° 45' E, 12 poles
 to Main Street (6) thence with said street, East
 207 poles to a point at the intersection of the south
 line thereof with the west line of Boundary Street.
 (7) thence with said west line, being the line of Com.
 Francis ... the United States and George ...
 S 11° W, to the ... river, and attending said
 ... river, in all 168 poles to a point
 with the ... bank thereof (8) thence down the river
 with its meanders 303 poles, to a point opposite the Ben
 ... corner (9) thence recrossing the river N 20°
 W, 39 poles to the ... containing about three
 hundred and eighty acres, having been given in
 ... of law in favor of incorporation of
 the town of ... in the County of ...
 ... as herein set forth, and it appearing
 into the satisfaction of the Court, that all the
 ... of ... of the State of West Virginia
 have been complied with by the ... for
 said incorporation, the said town of ...
 ... authorized within the corporate limits
 thereof and to exercise all the corporate powers
 conferred by the said Charter from and after
 the date of this certificate, E. N. Chambers, William
 ... are hereby appointed to act
 in connection at the first election to be held in
 said town under foregoing certificate of Incorporation.

A TRUE COPY
 ATTEST:

ROSA W. LYNCH
 CLERK, CIRCUIT COURT
 JEFFERSON COUNTY, W. VA.
 BY Severly A. Grove
 DEPUTY CLERK

J. H. ... Error of ...
 vs.

The ... of the Defendant by his attorney,
 ... is herein to file his answer, which
 is accordingly so done.

385

...

IN THE CIRCUIT COURT OF JEFFERSON COUNTY, WEST VIRGINIA

In the matter of the application of Charles Davies, E. H. Chambers & Thomas H. Percival, for certificate of incorporation of Harpers Ferry.

This day came the petitioners, and it appearing by the filing of a certificate of William Exner, E. H. Chambers & G. L. Myers, that in accordance with a notice which was duly posted the voters of Harpersferry, Jefferson County, met at a time & place mentioned in said Notice; and voted for, and against incorporation, the result being a majority of thirty-five in favor of incorporation. And satisfactory proof having been adduced that all the provisions of the law have been complied with - It is ordered, that the Clerk of this Court issue a certificate of the incorporation of Harpersferry, as follows - A Certificate under oath of William Exner, E. H. Chambers & G. L. Myers, that a majority of all the qualified voters residing in the following boundaries, to wit, beginning at the angle in the stone wall at the junction of the Potomac and Shenandoah rivers (fig 1 in plat) running thence up the Potomac river, following the meanders, thereof N 21° W 12 poles; N 50° 15' W, 114 poles; N 57° W, 9 poles; N 67° 15' W, 26 poles; N 71° 45' , 20 poles; N 79° 15' W. 34 poles; N 84° W, 16 poles; N 61° W, 110 poles; N 59° 30' W. 70 poles; N 47° W, 16 poles; S 56° W, 5 poles; N 54° 30' W, 14 poles; N 74° W, 36 poles; N 86° 30' W, 25 poles to a point supposed to be the corner to the United States land and Samuel W. Strider (fig 2) thence with the line of said Strider & N.C. Bracket, being the old United States line S 6° 10' W, 103 poles to a post corner to the Bagle lot (3) thence with said lot and N.C. Bracket and others, being the old States line S 75° 10' E. 126 poles to a cut stone (4) thence

S 60° 10' E. 36 poles; to a cut stone marked W.O. (5) thence
S 1° 45' E, 12 poles to Washington Street (6) thence with said
street, East 26 1/2 poles, to a pipe iron at the intersection of
the south line thereof with the West line of Boundary Street
(7) thence with said west line, being the line of compromise be-
tween the United States and George Rowles, S 1° W, to the Shenan-
doah river, and extending said line crossing said river, in all
168 poles to a point on the South bank thereof (8) thence down the
river with its meanders 303 poles, to a point opposite the beginn-
ing corner (9) thence recrossing the river N 20° W, 37 poles to the
beginning, containing about three hundred and eighty acres, hav-
ing been given in due form of law in favour of incorporation of the
town
of Harpersferry in the County of Jefferson, bounded as herein set
forth, And it appearing to the satisfaction of the Court, that
all the provisions of Ch. 47 of the Code of West Virginia have
been complied with by the applicants for said incorporation; the
said town of Harpersferry is duly authorized within the Corporate
limits aforesaid to exercise all the corporate powers conferred
by the said Chapter from and after the date of this certificate.
E.H. Chambers, William Exner and G. L. Myers are hereby appointed
to act as inspectors at the first election to be held in said
town under foregoing certificate of Incorporation.

/s/ E. B. Hall
Judge

Chancery Order Book 2

Page 63

April 16th, 1872

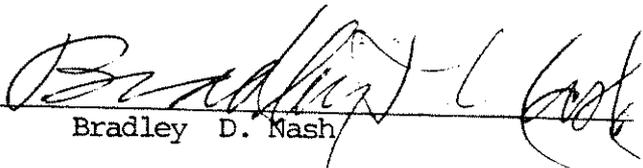
State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Bradley D. Nash, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Bradley D. Nash, do solemnly swear that I will faithfully discharge and perform the duties of the office of Mayor of Harpers Ferry, West Virginia,

to the best of my skill and judgement, and according to law, So help me God.


Bradley D. Nash

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of Harpers Ferry, West Virginia.


William D. Martin

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, W. Clifton Butts, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, W. Clifton Butts, do solemnly swear that I will faithfully discharge and perform the duties of the office of Recorder of the Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, according to law, So help me God.

W. Clifton Butts
W. Clifton Butts

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.

William J. Martin

State of West Virginia,

COUNTY OF JEFFERSON, SCT

I, Charles E. Thompson, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Charles E. Thompson, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilman, Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, according to law, So help me God.

Charles E. Thompson

Charles E. Thompson

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.

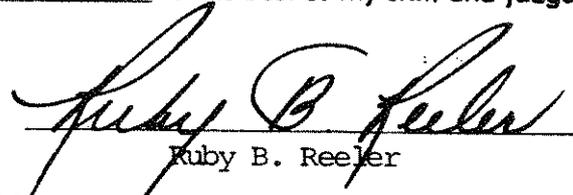
William H. Martin

State of West Virginia,

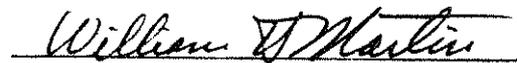
COUNTY OF JEFFERSON, SCT.

I, Ruby B. Reeler, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Ruby B. Reeler, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilwoman, Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, and according to law, So help me God.


Ruby B. Reeler

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.


William D. Martin

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Walton "Kip" D. Stowell, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Walton "Kip" D. Stowell, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilman, Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, and according to law, So help me God.

Walton D. Stowell

Walton "Kip" D. Stowell

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.

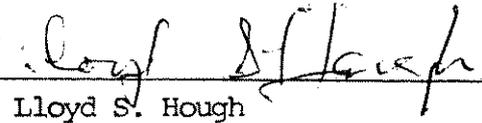
William D. Martin

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Lloyd S. Hough, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Lloyd S. Hough, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilman of the Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, according to law, So help me God.


Lloyd S. Hough

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.



State of West Virginia,

COUNTY OF JEFFERSON, SCT

I, David H. Brady, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, David H. Brady, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilman, Town of Harpers Ferry,
West Virginia to the best of my skill and judgement, according to law, So help me God.

David H. Brady

David H. Brady

the above oath was taken and subscribed on May 13, 1985 in the Town Hall, Town of
Harpers Ferry, West Virginia.

William D. Martin



Certificate of Publication
JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. November 20 1986.

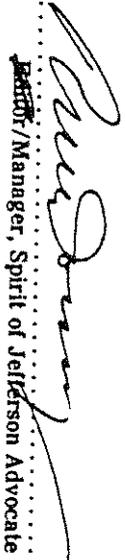
I hereby certify that the annexed Town of Harpers Ferry, Notice of public hearing on water bond ordinance

in the case of Ordinance authorizing the acquisition & construction of additions and improvements for the existing water works system of the Town of Harpers Ferry
of Harpers Ferry two successive weeks, in the Spirit of Jefferson

Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of

..... November 13 and November 20 1986,

as required by law.


Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

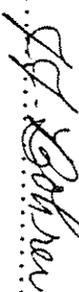
Personally appeared before me, R. Meade Dorsey

Editor/Manager

of the Spirit of Jefferson Advocate, and made oath that the above certificate is true and correct.

Commission expires 4/6/89

Notary Public



**TOWN OF HARPERS FERRY
NOTICE OF PUBLIC HEARING
ON WATER BOND ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the Town of Harpers Ferry to be held on November 24, 1986, at 7:00 p.m. in the Council chambers at the Harpers Ferry Town Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing the acquisition and construction of additions and improvements for the existing waterworks system of the Town of Harpers Ferry and the financing of the cost, not otherwise provided, thereof through the issuance by the Town of not more than \$700,000 in Aggregate Principal Amount of Water Revenue Bonds, Series 1986 A and not more than \$200,000 in Aggregate Principal Amount of Water Revenue Bonds, Series 1986 B; providing for the rights and remedies of and security for the registered owners of such Bonds; authorizing the sale and providing for the terms and provisions of such Bonds and adopting other provisions relating thereto.

The above-entitled Ordinance was adopted by the Council of the Town of Harpers Ferry on November 10, 1986.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issue contemplated thereby. The Bonds are to provide permanent financing of a portion of the costs of acquisition and construction of additions and improvements for the existing waterworks facilities of the Town of Harpers Ferry (the "Project"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

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

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

Dated November 13, 1986.
s/s BRADLEY D. NASH
Mayor



CORPORATION OF HARPERS FERRY

AN ORDINANCE ESTABLISHING AND FIXING RATES
FEES, CHARGES AND DELAYED PAYMENT PENALTY
CHARGES FOR WATER SERVICE TO CUSTOMERS OF THE
WATER SYSTEM OF THE TOWN OF HARPERS FERRY

THE TOWN COUNCIL OF THE CORPORATION HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, charges and delayed payment penalty assessment to be charged to customers of the water system of the Town of Harpers Ferry throughout the territory served.

BE IT FURTHER ORDAINED that the following rates shall go into effect if, and only if, the sum of \$301,000 or any part thereof, is needed to be borrowed from the Farmer's Home Administration of the Department of Agriculture of the U.S. Government in addition to the sums of \$750,000 already committed in a HUD Small Cities Block Grant and \$551,000 appropriated by the U.S. Congress for the construction of a Water Improvement Project which will add an additional 500,000 gallon per day capacity to the Town's present water supply by drawing water from the Potomac River and by purifying and treating the water in a new water treatment facility.

SECTION I. SCHEDULE OF RATES

RATE SCHEDULE No. 1

APPLICABILITY

Applicable in the entire area served in the Harpers Ferry Water System.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial service.

RATES

First	5,000 gals. used per month	\$4.125	per 1,000 gallons
Next	10,000 gals. used per month	\$ 3.50	per 1,000 gallons
Next	35,000 gals. used per month	\$ 2.75	per 1,000 gallons
Next	50,000 gals. used per month	\$ 2.50	per 1,000 gallons
Over	100,000 gals. used per month	\$ 2.40	per 1,000 gallons

MINIMUM CHARGE

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8"	meter	-	\$ 8.50 per month
3/4"	meter	-	\$ 12.75 per month
1"	meter	-	\$ 21.25 per month
1 1/2"	meter	-	\$ 42.50 per month
2"	meter	-	\$ 68.00 per month
3"	meter	-	\$ 127.50 per month
4"	meter	-	\$ 212.50 per month
6"	meter	-	\$ 425.00 per month

8" meter

\$ 680.00 per month

(Minimum Monthly Bill: \$8.50 for 2,000 gallons)

DELAYED PAYMENT PENALTY:

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

If any bill is not paid within sixty (60) days after date of bill, water service to the customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid in the amount of \$20.00.

CONNECTION CHARGE:

Prior to Construction - As Per Existing Rate Ordinance (\$200.00).

After construction has been completed beyond the resident's home, there shall be a charge of Two Hundred Fifty Dollars (\$250.00) for connection to the system.

RECONNECTION CHARGE:

\$20.00

RATE SCHEDULE NO. 2

APPLICABILITY:

Applicable in entire territory served.

AVAILABILITY OF SERVICE:

Available for private fire protection service.

RATE:

(1) Annual Minimum Charges	2" service line	\$ 50.00 per annum
	4" service line	\$ 150.00 per annum
	6" service line	\$ 300.00 per annum
	8" service line	\$ 500.00 per annum
(2) Unit Charges	Standard Fire Hydrant	\$ 100.00 per annum
	Hose Connection 2-1/2", or less	\$ 30.00 per annum
	Sprinkler Head	\$.10 per annum

(3) Rules Relative to Private Fire Protection:

- (a) The annual minimum charge shall entitle the customer to any combination of Unit Charges up to the amount of the annual minimum charge. Additional Units will be charged at the rates stated.

(b) Where private fire service is metered, the charge will be based on metered and minimum charges stated under Schedule No. 1.

(c) Installation cost of private fire service facilities will be borne by the customer.

DELAYED PAYMENT PENALTY:

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATE SCHEDULE NO. 3

APPLICABILITY:

Applicable in entire territory served.

AVAILABILITY OF SERVICE:

Available for public fire protection.

RATE:

Ten Dollars (\$10.00) per month per hydrant.

DELAYED PAYMENT PENALTY:

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed penalty charges provided herein shall be effective only upon completion of construction and not sooner than 45 days after the enactment hereof or the completion of construction, whichever is later.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance in The Evening Weekend Journal and The Spirit of Jefferson Farmers Advocate being two newspapers of

opposite politics of general circulation in Jefferson County, West Virginia. The notice shall appear in these newspapers at least five (5) days before the second reading of this Ordinance which shall be at 7:00 P.M. on Wednesday, September 18, 1985, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 18th day of September, 1985 at 7:00 P.M., and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

SECTION 5. MANDATORY REPEAL

BE IT FURTHER ORDAINED that the rate increases contemplated herein shall go into effect only if a loan amount from FmHA is needed above the already committed monies from HUD and Congress as mentioned in the second paragraph above and that such rate increases shall go into effect only for so long a period of time as required to retire any prospective FmHA loan to the Corporation and, further, if no FmHA monies shall be required to construct the Water Improvement Project upon completion of the Project, this Ordinance shall be repealed upon the next regular town meeting following and the water rate schedule presently in effect and adopted prior to this Ordinance shall continue in effect.

The above has been introduced at a meeting of Council held September 9, 1985.

Passed on First Reading Sept 9th, 1985

Passed on Second Reading
Following Public Hearing Sept 18th, 1985

Effective as of Sept 18th, 1985

H. P. H. Butler
Recorder

CORPORATION OF HARPERS FERRY

AN ORDINANCE ESTABLISHING AND FIXING RATES
FEES, CHARGES AND DELAYED PAYMENT PENALTY
CHARGES FOR WATER SERVICE TO CUSTOMERS OF THE
WATER SYSTEM OF THE TOWN OF HARPERS FERRY

THE TOWN COUNCIL OF THE CORPORATION HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, charges and delayed payment penalty assessment to be charged to customers of the water system of the Town of Harpers Ferry throughout the territory served.

BE IT FURTHER ORDAINED that the following rates shall go into effect if, and only if, the sum of \$762,000 of any part thereof, is needed to be borrowed from the Water Development Authority (WDA) of the State of West Virginia in addition to the sums of \$750,000 already committed in a HUD Small Cities Block Grant and \$691,000 appropriated by the U. S. Congress for the construction of a Water Improvement Project which will add an additional 500,000 gallon per day capacity to the Town's present water supply by drawing water from the Potomac River and by purifying and treating the water in a new water treatment facility.

SECTION 1. SCHEDULE OF RATES

RATE SCHEDULE No. 1

APPLICABILITY:

Applicable in the entire area served in the Harpers Ferry Water System.

AVAILABILITY OF SERVICE:

Available for general domestic, commercial, and industrial service.

RATES:

First	5,000 gals. used per month	\$4.125 per 1,000 gallons
Next	10,000 gals. used per month	\$3.50 per 1,000 gallons
Next	35,000 gals. used per month	\$2.75 per 1,000 gallons
Next	50,000 gals. used per month	\$2.50 per 1,000 gallons
Over	100,000 gals. used per month	\$2.40 per 1,000 gallons

MINIMUM CHARGE:

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8"	meter	-	\$ 8.50 per month
3/4"	meter	-	\$ 12.75 per month
1"	meter	-	\$ 21.25 per month
1 1/2"	meter	-	\$ 42.50 per month
2"	meter	-	\$ 68.00 per month

3"	meter	-	\$127.50 per month
4"	meter	-	\$212.50 per month
6"	meter	-	\$425.00 per month
8"	meter	-	\$680.00 per month

(Minimum Monthly Bill: \$8.50 for 2,000 gallons)

DELAYED PAYMENT PENALTY:

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

If any bill is not paid within sixty (60) days after date of bill, water service to customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid in the amount of \$20.00.

CONNECTION CHARGE:

Prior to Completion of Construction - As Per Existing Rate Ordinance (\$200.00).

After construction has been completed beyond the resident's home, there shall be a charge of Two Hundred Fifty Dollars(\$250.00) for connection to the system.

RECONNECTION CHARGE:

\$20.00

RATE SCHEDULE NO. 2

APPLICABILITY:

Applicable in entire territory served.

AVAILABILITY OF SERVICE:

Available for private fire protection service.

RATE:

(1) Annual Minimum Charges	2" service line	\$ 50.00 per annum
	4" service line	\$150.00 per annum
	6" service line	\$300.00 per annum
	8" service line	\$500.00 per annum
(2) Unit Charges	Standard Fire Hydrant	\$100.00 per annum
	Hose Connection 2-1/2" or less	\$ 30.00 per annum
	Sprinkler Head	\$.10 per annum

(3) Rules Relative to Private Fire Protection:

- (a) The annual minimum charge shall entitle the customer to any combination of Unit Charges up to the amount of annual minimum charge. Additional Units will be charged at the rates stated.
- (b) Where private fire service is metered, the charge will be based on metered and minimum charges stated under Schedule No. 1.
- (c) Installation cost of private fire service facilities will be borne by the customer.

DELAYED PAYMENT PENALTY:

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

RATE SCHEDULE NO. 3

APPLICABILITY:

Applicable in entire territory served.

AVAILABILITY OF SERVICE:

Available for public fire protection.

RATE:

Ten Dollars (\$10.00) per month per hydrant.

DELAYED PAYMENT PENALTY:

The above schedule is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed penalty charges provided herein shall be effective only upon completion of construction and not sooner than 45 days after enactment hereof or the completion of construction, whichever is later.

SECTION 3. SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof be held void or unenforceable by any court of

competent jurisdiction, such holding shall not effect the remainder of this Ordinance. All resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Recorder shall publish a copy of this Ordinance in The Evening Weekend Journal and The Spirit of Jefferson Farmers Advocate being two newspapers of opposite politics of general circulation in Jefferson County, West Virginia. The notice shall appear in these newspapers at least five (5) days before the second reading of this Ordinance which shall be at 7:00 P.M. on Wednesday, September 18, 1985, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 18th day of September, 1985 at 7:00 P.M., and present protests. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

SECTION 5. MANDATORY REPEAL

BE IT FURTHER ORDAINED that the rate increases contemplated herein shall go into effect only if a loan amount from WDA is needed above the already committed monies from HUD and Congress as mentioned in the second paragraph above and that such rate increases shall go into effect only for so long a period of time as required to retire any prospective WDA loan to the Corporation and, further, if no WDA monies shall be required to construct the Water Improvement Project upon completion of the Project, this Ordinance shall be repealed upon the next regular town meeting following and the water rate schedule presently in effect and adopted prior to this Ordinance shall continue in effect.

The above has been introduced at a meeting of Council held September 9, 1985.

Passed on First Reading September 29, 1985

Passed on second reading
Following Public Hearing October 13, 1985

Effective as of _____, 1985

John Clayton Burtis
Recorder

0' AN ORDINANCE OF THE TOWN OF HARPERS FERRY, WEST VIRGINIA
AMENDING AND REENACTING THE ORDINANCE ESTABLISHING AND
FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY
CHARGES FOR WATER SERVICE TO CUSTOMERS OF THE WATER SYSTEM
OF THE TOWN OF HARPERS FERRY

THE TOWN COUNCIL OF THE CORPORATION HEREBY ORDAINS: that the second paragraph of the ordinance is hereby amended and reenacted by deleting the phrase "\$301,000 or any part thereof, is needed to be borrowed from the Farmer's Home Administration of the Department of Agriculture of the U.S. Government" and inserting in its place the phrase "\$762,000 or any part thereof, is needed to be borrowed from the Water Development Authority (WDA) of the State of West Virginia" and further amended and reenacted by deleting the amount "\$551,000" and inserting in its place the amount "\$691,000"

and further, that Section 5. Mandatory Repeal is hereby amended by deleting the phrase "FHA" in each and every place it occurs and inserting in its place at each of those locations the phrase "WDA."

These amendments shall become effective upon passage.

Passed on First Meeting Sept 29, 1986

Passed on Second Meeting _____, 1986

Effective as of October 13, 1986

Joe C. [Signature]
Recorder

Minutes of a special meeting of the Harpers
Ferry Town Council held on Nov. 3rd, 1986
at 7:00 p.m. in the Town Hall.

Present: Mayor Bradley Nash, council people: Mr. Walton Stowell,
Mrs. Ruby Reeler, Mr. Charles Thompson, Mr. Lloyd Hough, Mr. David
Brady and recorder Clifton Butts.

Also present at the request of the Mayor was Attorney William Martin.

Mayor Nash presented to the council the following ordinance regarding the
Water Revenue Bonds Series 1986 A and Series 1986 B, which reads in part:

TOWN OF HARPERS FERRY

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS
FOR THE EXISTING WATERWORKS SYSTEM OF THE
TOWN OF HARPERS FERRY AND THE FINANCING OF
THE COST, NOT OTHERWISE PROVIDED, THEREOF
THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE
THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT
OF WATER REVENUE BONDS, SERIES 1986 A, NOT
MORE THAN \$200,000 IN AGGREGATE PRINCIPAL
AMOUNT OF WATER REVENUE BONDS, SERIES 1986 B;
PROVIDING FOR THE RIGHTS AND REMEDIES OF AND
SECURITY FOR THE REGISTERED OWNERS OF SUCH
BONDS; AUTHORIZING THE SALE AND PROVIDING
FOR THE TERMS AND PROVISIONS OF SUCH BONDS
AND ADOPTING OTHER PROVISIONS RELATING
THERE TO.

After a general discussion by all members of the council and Attorney
Martin and upon motion by councilman Hough, seconded by councilman
Brady, the ordinance was unanimously passed thru the first reading.

Mayor Nash then presented to the council the following ordinance
regarding the Water Revenue Bonds, Series 1986 C, which reads:

RECEIVED

NOV 10 1986

REC'D

TOWN OF HARPERS FERRY

ORDINANCE

ORDINANCE AUTHORIZING THE REFUNDING AND REDEMPTION OF THE WATER REVENUE BONDS, SERIES 1964, OF THE TOWN OF HARPERS FERRY, WEST VIRGINIA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$120,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 C, ON A PARITY WITH THE TOWN'S WATER REVENUE BONDS, SERIES 1986 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

After a general discussion by all members of the council and Attorney Martin and upon motion by councilman Walton Stowell, seconded by councilman Charles Thompson, the ordinance was unanimously passed thru the first reading.

Mayor Nash read to the council a statement concerning the code of West Virginia concerning the "Sunshine Law" regulation.

Upon motion by councilman Stowell, seconded by councilman Hough, the council unanimously adopted this regulation.

It was further stated that this code had been previously followed at all times. (A copy of this regulation will become a part of the minutes of this meeting).

A resolution concerning restrictions on the "Bed and Breakfast" business as it applies to the Growth and Preservation Ordinance was read by Mayor Nash.

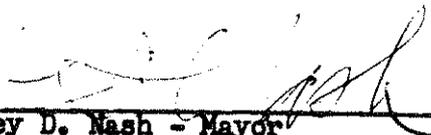
The council agreed that this matter be referred to the Harpers Ferry Planning Commission for its consideration as set forth in the resolution. (Copy of this resolution attached to minutes).

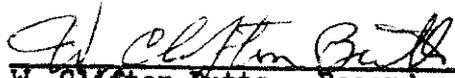
Mayor Nash, speaking with regard to Liability Insurance coverage for the Town of Harpers Ferry, advised that he had been able to obtain liability coverage thru "State of West Virginia Board of Risk and Insurance Management" effective Oct. 1st, 1986.

This coverage replaces coverage originally carried by Moore Insurance and Realty Co. He further stated that "Moore" would be liable for claims filed prior to Oct. 1st, 1986.

3.

The meeting adjourned at approximately 8:00 p.m. at which council was called into executive session by the Mayor.


Bradley D. Nash - Mayor


W. Clifton Butts - Recorder

Minutes of the regular meeting of the Harpers
Ferry Town Council held on Nov. 10th, 1986 at
7:00 p.m. in the Town Hall.

Present: Mayor Bradley Nash, council people: Mr. Walton Stowell, Mrs. Ruby Reeler, Mr. Charles Thompson, Mr. Lloyd Hough, Mr. David Brady and recorder Clifton Butts. Also present was Att. William Martin and chief of police James Jones.

All departmental financial reports were reviewed and accepted.

The minutes of the special council meeting held on Nov. 3rd were reviewed by all council people. Upon motion by councilman Hough, seconded by councilman Stowell, the minutes of this meeting were approved.

Mayor Nash stated that due to the absence of recorder Butts the minutes of the council meeting held on May 12th and May 20th, 1986 had not been approved. Upon motion by councilman Charles Thompson, seconded by councilwoman Ruby Reeler, the minutes of both meetings were approved.

Mayor Nash again referring to the financial reports stating that the "police department" money for the first quarter of 1986-87 had not been received and it was again necessary to "borrow" money from the general fund to continue the police department in operation.

The police department activities report was reviewed and upon motion by Mr. Stowell, seconded by Mr. Hough, was accepted as presented.

It was noted that the members of the police commission term of office had expired. Mayor Nash felt that Dr. Chartrand and Mr. Twyman would serve another term but would check on this matter.

Mayor Nash in referring to the financing of the "Water Source Project" stated that by West Virginia Code a public meeting would be advertised in both local papers and held on Nov. 24, 1986 at 7:00 p.m. in the Town Hall for open discussion on the financing of this project. If this matter was approved by the public, Mayor Nash and Att. Martin would go to Charleston (W.Va.) on Nov. 25th, 1986 to sign the bids and so conclude this transaction.

Mayor Nash, as required by W.Va. Code, presented to the council and read for second time ordinance regarding the Water Revenue Bonds Series 1986A and Series 1986B. (For detail of title see minutes of council meeting held Nov. 3rd, 1986 - page one.) Upon motion by councilman Stowell, seconded by councilman Thompson, the council unanimously passed this ordinance thru the second reading.

Mayor Nash read for the second time Water Revenue Bond ordinance Series 1986C. (For detail of title see minutes of council meeting held Nov. 3rd, 1986 - Page two.) Upon motion by councilman Hough, seconded by councilwoman Reeler, the council unanimously passed this ordinance thru the second reading.

Councilman Stowell advised that he was still following design of metal steps to be installed at rear of the Town Hall. A future report will be made on this project.

In response to a request from the Friendship Fire Co., the council agreed to contribute \$50.00 to the fire company Halloween party (passed) and the Christmas party for the community youth.

The Mayor thanked Mr. Bob Johnson for his work in installing the street signs. (Twenty nine post and street signs were installed and concreted in place.) All present complimented those involved in this project on the work that had been done.

After a brief discussion on the "Bed and Breakfast" resolution, the council agreed that the present ordinance would stand and no further action would be taken in this regard.

Mr. Ralph Baird, chairman of the planning commission, presented the following building permit applications. All permits had been approved by the planning commission.

#14-86 Applicant - Ruth Dunleany
 Location - Corner Gilmore & S. Cliff St.
 Block GG - Lot 8
 Construct family two story colonial house
 Cost - \$85,000
 Building Permit Fee

Unanimously approved by council.

#15-86 Applicant - Mr. & Mrs. Martin Shuey
 Location - Block H - Lot 2
 Construct wood gazebo - 5 sides
 Cost - \$450.00
 No Building Permit Fee - under \$500.

Unanimously approved by council.

#16-86 Applicant - D.D. Kilham
 Location - Washington Street - north side
 4th house from Colombia Street
 Repair side porch, repair german siding,
 add 3 ft. balcony with metal railing on
 front of building.
 Cost - \$6,500
 Building Permit Fee

Unanimously approved by council.

#17-86 Applicant - Alfred Twyman Sr.
 Location - West Ridge Street
 Build a 6' x 8' addition to a metal
 building now in place.
 Cost - \$100.00
 No Building Permit Fee necessary

Unanimously approved by council.

#18-86 Applicant - Charles Thompson
 Location - Lot #1 - Block AA
 Relocate and install new entrance cable,
 removal of intruding vines from chimney
 exterior, rebuild parging, replace shutters,
 replace windows.
 Cost - \$6,500
 Building Permit Fee \$50.00 (paid)

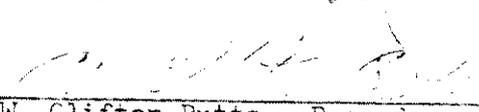
Unanimously approved by council.

Mr. Baird advised that two members of the planning commission term had expired. These two members, Mrs. Linda Rago and Mr. Dixie Kilham, were reappointed to serve on the commission for a period of three years - new term to expire Nov. 1989.

Meeting adjourned at 8:30 p.m.



 Bradley D. Koch - Mayor



 W. Clifton Butts - Recorder

Minutes of a special meeting of the Harpers
Ferry Town Council held on Nov. 24th, 1986
at 7:00 p.m. in the Town Hall.

This meeting was advertised in both local newspapers as "TOWN OF
HARPERS FERRY - NOTICE OF PUBLIC HEARING ON WATER BOND ORDINANCE."
A copy of this notice is made a part of the minutes of this meeting.

Present: Mayor Bradley Nash, council people: Mrs. Ruby Reeler,
Mr. Charles Thompson, Mr. Lloyd Hough, Mr. David Brady and recorder
Clifton Butts.

Also present were Att. William Martin, bond counsel Mr. Vince Collins,
Mr. William J. Tabor representing Patton - Harris - Rust and Associates
(Project Engineering Firm) and Mr. Andrew Banks, Project Administrator
(Region 9 office).

Mayor Nash reviewed all activities over the past three years concerning
planning and financing of the "Water Source Project" and stated that we
were now ready to proceed with the final steps to enable us to sign the
contract for the actual construction to begin.

Mr. Collins explained in detail the two bond ordinances involved in the
financing of the project.

Mr. Collins and Att. Martin answered in detail a number of questions
posed by various citizen's relative to finances of the project.

Various aspects of the construction of the project were posed by Mr.
D. D. Kilham.

After approximately one hour of discussion, Mayor Nash presented to the
council the following ordinance regarding the WATER REVENUE BOND, SERIES
1986 A and SERIES 1986 B, which reads in part:

TOWN OF HARPERS FERRY

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARPERS FERRY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Upon motion by councilman David Brady, seconded by councilman Charles Thompson, the ordinance was unanimously passed thru the third and final reading.

Mayor Nash then presented to the council the following ordinance regarding the WATER REVENUE BONDS, SERIES 1986 C, which reads:

TOWN OF HARPERS FERRY

ORDINANCE

ORDINANCE AUTHORIZING THE REFUNDING AND REDEMPTION OF THE WATER REVENUE BONDS, SERIES 1964, OF THE TOWN OF HARPERS FERRY, WEST VIRGINIA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$120,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 C, ON A PARITY WITH THE TOWN'S WATER REVENUE BONDS, SERIES 1986 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Upon motion by council person Mrs. Ruby Reeler, seconded by councilman Lloyd Hough, the ordinance was unanimously passed thru the third and final reading.

Upon the passing of these two ordinances, the business of the meeting was concluded and the meeting adjourned at approximately 8:15 p.m.


Bradley D. Nash - Mayor


W. Clifton Butts - Recorder

**TOWN OF HARPERS FERRY
NOTICE OF PUBLIC HEARING
ON A PROPOSED ORDINANCE**

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the Town of Harpers Ferry to be held on November 24, 1986, at 7:00 p.m. in the Council chambers at the Harpers Ferry Town Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing the refunding and redemption of the Water Revenue Bonds, Series 1964, of the Town of Harpers Ferry, West Virginia and the financing of the cost, not otherwise provided, thereof through the issuance by the Town of not more than \$120,000 in aggregate principal amount of Water Revenue Bonds, Series 1986 C, on a parity with the Town's Water Revenue Bonds, Series 1986 A; providing for the rights and remedies of and security for the registered owners of such bonds; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions relating thereto.

The above-entitled Ordinance was adopted by the Council of the Town of Harpers Ferry on November 10, 1986.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issue contemplated thereby. The Bonds are being issued to refund and redeem certain outstanding water revenue bonds of the Town to effect the release and termination of certain liens, restrictions, conditions and limitations imposed upon the water-works system of the Town by such bonds. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water-works system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

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

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

Dated November 13, 1986.

s/s BRADLEY D. NASH

11-13-2-

Mayor

12/16/86

Minutes of the special called meeting of the
Harpers Ferry Town Council held on Dec. 16th,
1986 at 7:00 p.m. in the Town Hall.

Present: Mayor Bradley Nash, council people: Walton Stowell, Ruby Reeler, Charles Thompson, Lloyd Hough, David Brady and recorder Clifton Butts. Also present was Att. William Martin, Andrew Banks, administrator of the Water Source Project and chief of police Jones.

The mayor, in opening the meeting, presented to the council a recommendation of the Harpers Ferry/Bolivar Police Commission wherein the commission recommended the purchase of a new police cruiser (Dodge Diplomat - police cruiser package) to replace the well-worn present cruiser. The cost of the cruiser, fully equipped, to be \$11,717 with half of the cost to be paid by the Corporation of Bolivar (\$5,858.50) and half by the Corporation of Harpers Ferry.

After a general discussion of the need of a new cruiser and upon motion by council person Mrs. Reeler, seconded by councilman David Brady, the council unanimously agreed to this purchase. The Bolivar Corporation has already made their half of the cost available.

After approving this expenditure, recorder Butts reviewed with the council the budget revision report necessary to cover this expenditure not covered in the present budget.

Transfer of the following from general fund:

\$3,000 to account 455 police department to cover monies spent to complete end of year police expenditure.

\$6,000 to account 455 police department to cover purchase of cruiser.

\$1,000 to account 711 communications system (911) to cover additional pro rated operating expense.

This budget revision report was unanimously approved by the entire council.

Mayor Nash reviewed the following supplemental resolutions on Water Revenue Bonds Series 1986 A, Series 1986 B and Series 1986 C.

"An amendment to two supplemental resolutions was suggested which would have changed the depository bank designated in the two proposal resolutions from the Peoples Bank of Charles Town to the Bank of Charles Town. The proposed amendment was not properly seconded and was not brought to vote."

A vote was had on the adoption of the supplemental resolution as originally presented (including the Peoples Bank of Charles Town as the depository bank for all three series of bonds). Upon motion by Mrs. Reeler, seconded by Walton Stowell, the council unanimously approved both supplemental resolutions pertaining to the Water Revenue Bonds.

After thoroughly reviewing all ordinances and resolutions in this regard and upon motion by Mrs. Reeler, seconded by Mr. Thompson, the council unanimously approved all matters pertaining to the financing of the project.

Mayor Nash and Attorney Martin will go to Charleston, WV on Friday, Dec. 19th, 1986 to complete this transactions.

Mayor Nash, who had previously advised the council that he was retiring as Mayor of the Harpers Ferry Corporation at conclusion of business Dec. 31st, 1986, announced that Recorder Clifton Butts would conduct the election of the person who would complete the term in office until July 1st, 1987.

Recorder Butts reviewed the following with the council members present:

Vacancy to be filled for period Jan. 1, 1987 until June 30, 1987.

Nomination by council members and recorder only.

Vote would be by secret ballot.

Tellers for the election (to handle the ballots) would be Miss Shirley Campbell and Mr. Andrew Banks.

Ballots distributed by recorder Butts and collected by the appointed teller.

Votes were counted by the tellers showing:

H. W. Brawley - 4 votes received
Walton Stowell - 2 votes received.

H. W. Brawley was declared the winner and will be sworn in at 11:00 a.m., Dec. 27th, 1986.

Bradley D. Nash - Mayor

W. Clifton Butts - Recorder

By this notation, recorder Butts on behalf of the council, thanks Mayor Nash for the many years of service as councilman and mayor that he has given the Corporation of Harpers Ferry and wish he and Mrs. Nash many years of peace and happiness in their "Home on the Hill."

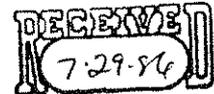
W. Clifton Butts - Recorder



United States Department of the Interior

NATIONAL PARK SERVICE
NATIONAL CAPITAL REGION
1100 OHIO DRIVE, S. W.
WASHINGTON, D.C. 20242

25 JUL 1986



Mr. W. Andrew Banks
Project Administrator
Eastern Panhandle Regional Planning
and Development Council, Region 9
121 West King Street
Martinsburg, West Virginia 25401

Dear Mr. Banks:

This letter will confirm the intention of the National Park Service to provide an additional \$140,000 toward the construction of the proposed Harpers Ferry Water Treatment Facility.

This amount is consistent with the contract we have with the Town of Harpers Ferry regarding the upgrading of the potable water system and will bring the NPS contribution to a total of \$691,000.

If you have any questions regarding National Park Service involvement in this project, please contact Mr. Michael Donnelly on 202-485-9811.

Sincerely,

Robert Stanton
Regional Director, National Capital Region



SMALL CITIES BLOCK GRANT

C O N T R A C T

BETWEEN

GOVERNOR'S OFFICE OF ECONOMIC AND COMMUNITY DEVELOPMENT

AND

CORPORATION OF HARPERS FERRY

THIS AGREEMENT, entered into this 9th day of January, 1984 by the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Economic and Community Development, hereinafter called the "State" and the Corporation of Harpers Ferry and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subpart I and subject to the scope of the State of West Virginia Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the State shall provide, in its method of distribution, for funding of multiyear grant commitments made by the Department of Housing and Urban Development to units of general local government in nonentitlement areas pursuant to Subpart F in federal Fiscal Years 1980 and 1981.

WHEREAS, the grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low and moderate income families or aid in the prevention or elimination

of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Assistance to Grantee. The State shall obligate, to the Grantee, from funds allocated to the State by Grant Agreement B-83-DC-54-0001, \$750,000 to perform such tasks hereafter described in the Scope of Services.

2. Scope of Services. The Grantee, or its designated agent, in accordance with the program guidelines to be used in the administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to purchase land to construct a treatment plant, including laboratory, clear well, backwash tank and necessary equipment, construct a river intake and pump station, site preparation for the plant and lay pipe line from the plant to the existing water main. Other eligible costs include: legal, soils testing, engineering, inspection, surveying, administration and audit.

3. Changes. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed, which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract.

4. Time of Performance. The Grantee will commence its duties under this Contract on November 29, 1983 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose

of the Contract but, in any event, all of the services required hereunder shall be completed by November 30, 1985. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. Construction Within Twelve Months. The Grantee shall have the project under construction within twelve months after execution of this agreement by both parties. The Grantee further understands that if the project is not under construction within a twelve-month period that it must resubmit its application at which time the State will reevaluate its obligation to provide funds for the project.

6. Administrative Requirements and Procedures.

(A) Personnel. The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of or have any contractual relationship with the State.

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, and with all applicable State and federal laws and regulations in administering and distributing funds provided under this agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. Implementing regulations are found in 24 CFR Part 1.

(2) P.L. 90-289: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.) popularly known as the Fair Housing Act. In

addition, Executive Order 11063, as amended by Executive Order 12259, and as implemented by 24 CFR Part 107 are applicable.

(3) Section 109 of P.L. 93-383 including the Age Discrimination Act of 1976 (U.S.C. 6101 et. seq.) and Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall apply.

(4) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement, the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition, the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(5) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government in which the project is located and that contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area. The Grantee shall adopt a Section 3 plan to assure good faith efforts towards compliance with the statutory directive.

(6) Title IV of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for NEPA (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593;

(c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979). Before committing any funds (other than for exempt activities) the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

(8) The State and the Grantee will comply with the provisions of Department of Treasury Circular 1075 and the State's Small Cities Grants Management Handbook, as revised, in the process of requesting funds from the State's Letter of Credit.

(C) Accounting. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally-accepted cost accounting principles and procedures so as to reflect all receipts and allowable expenditures in connection with the said project and the purpose thereof.

(D) Audit. The Grantee agrees to retain all accounts, documents, and records for a period of not less than three years following the project completion. The Grantee shall cause all receipts and disbursements to be audited by a licensed public accountant and such receipts, expenditures, and records shall also be subject to audit by proper State and federal agencies. Audits shall be completed in accordance with the standards established by the Comptroller General for the audit of government organizations, programs, activities, and functions.

(E) Access to Records. The Grantee shall, at any time during normal business hours, and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports,

files, and other papers, things or property, of the Grantee with respect to the matters covered by this Contract.

(F) Repayment. The Grantee shall refund to the State or federal government any expenditures determined to be made for an ineligible purpose for which federal funds were received.

(G) Competitive Bid Procedures. All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition. The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to this project which have an estimated value of over \$5,000. Any attempts by the Grantee to segregate the project into sections having an estimated value of less than \$5,000 may be cause for termination of an agreement under the provisions of Paragraph 8.

These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area twice within fourteen days next preceding the final date of submitting bids. The Grantee shall, also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, and by posting notice on a bulletin board in a public place. The Grantee shall have available, upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures.

(H) Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow its own requirements relating

to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds \$100,000. If the contracts or subcontracts exceed \$100,000, the minimum bonding and insurance requirements shall be as follows:

a. A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

b. A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

c. A payment on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment as required by law of all persons supplying labor or materials in the execution of the work provided for in the contract.

(I) Facilities Operation. The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable federal, State and local statute, law, ordinance, or regulation as to actual construction procedures, as well as maintenance and operation of such facilities upon completion.

(J) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure or for one year thereafter, affects his

personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of, the Grantee or any member of its governing body, or officer, member, or employee of the Contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

7. Method of Payment. In order to receive any and all payments under the terms of this agreement, the Grantee shall submit a Letter of Transmittal containing a progress report, and a Request for Payment-Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility, and if approved, will cause a warrant to be made on that sum to the Grantee for authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

8. Termination of Contract for Cause. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner his obligations under this Contract, or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee of such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of set-off until such time as the exact amount of damages due the State from the Grantee is determined.

9. Termination for Convenience of the State. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

10. Termination by the Grantee. The Grantee may unilaterally rescind this agreement at any time prior to the commencement of the project. After project commencement, this agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

11. Performance Reports. A Grantee who has not requested a drawdown of funds during the preceding quarter shall submit a Quarterly Performance Report to the State on the first day of April, July, October, and January. A final Performance Report shall be submitted to the State within sixty (60) days after the close of the grant period. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the previously-referred to Program Guidelines of the State of West Virginia.

12. Closeout. Shall be completed when the State: 1) is in receipt of a Final Performance Report; and 2) the program audit is completed and any findings are resolved.

13. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this agreement shall be initiated through consultation and discussion at the

State's Administrative Offices with final decision on question of policy or fact being determined by the Director of GOECD or his designated representative. Nothing in this Agreement shall be constructed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws.

14. Notice. The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following address:

Governor's Office of Economic
and Community Development
Building 6, Room 553-B
State Capitol Complex
Charleston, West Virginia 25305

Honorable Bradley Nash

Office of the Mayor

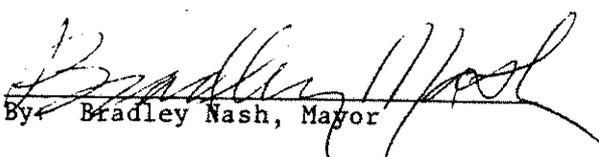
Harpers Ferry, West Virginia 25492

25425

Grantee Mailing Address

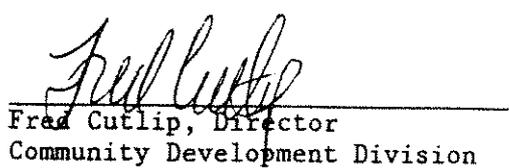
[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this agreement is down with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this agreement.

CORPORATION OF HARPERS FERRY
Grantee


By: Bradley Nash, Mayor

STATE OF WEST VIRGINIA
GOVERNOR'S OFFICE OF ECONOMIC
AND COMMUNITY DEVELOPMENT


Miles Dean, Director


Fred Cutlip, Director
Community Development Division

STATE OF WEST VIRGINIA
Department of Finance and
Administration

Man. a. Clauson
Arnold T. Margolin, Commissioner

Approved as to the Provisions
and Terms of the State of
West Virginia
Department of Finance and
Administration
Purchasing Division

Gleny P. Klein
Glen R. Cummings, Director

Approved as to form the 1
day of Feb 1984

CHAUNCEY H. BROWNING, JR.
BY: Ch. McMiller
Attorney General

Dec'd
am
2/9/84
BN

WV-47

STATE OF WEST VIRGINIA

PURCHASE ORDER

BUYER
BB

Page 1 of 1 Pages	Req. No: 8782
Date: 1-20-84	State Acct. No: 221-8029-15-025-13
Fiscal Year: 1984	B. R. Acct. No.:
Ship To: Governor's Office of Economic & Community Development R-150, State Capitol Charleston, WV 25305	
Invoice in Quintuplicate to SAME AS ABOVE.	

Department or Institution: Governor's Office of Economic & Community Development

Vendor Name & Address:
Corporation of Harpers Ferry
Office of the Mayor
Harpers Ferry, West Virginia 25425

F.E.I.N.
550-189-389-4
TELEPHONE

1-30-84 sk

AGREEMENT

This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of Governor's Office of Economic & Community Development and Corporation of Harpers Ferry, for Water system improvements.

Service beginning November 29, 1983 and extending until November 30, 1985. All in accordance with standard form of agreement attached hereto as a part hereof.

SCHEDULE OF PAYMENT

\$ _____ per _____

FEE:	\$ 750,000.00
TRAVEL EXPENSE:	\$ _____
OTHER EXPENSE:	\$ _____
TOTAL:	\$ 750,000.00

APPROVED AS TO FORM THIS 1
DAY OF Feb, 19 84.
CHAUNCEY H. BROWNING, JR.
Attorney General
BY Ed M. Fuller
Assistant Attorney General

STATE OF WEST VIRGINIA
Department of Finance and Administration
ARNOLD T. MARGOLIN
Maria Claron
Commissioner

TOTAL AMOUNT OF THIS PURCHASE ORDER \$ 750,000.00

APPROVED AS TO PROVISIONS AND TERMS

STATE OF WEST VIRGINIA

Department of Finance and Administration
PURCHASING DIVISION

Kathy P. Klein
DIRECTOR, PURCHASING DIVISION

1.75

TERMS AND CONDITIONS

1. Vendor's Federal Employer Identification Number or Social Security Number, Purchasing Division file number, purchase order number, and name of Spending Unit specified on the purchase order must appear on all invoices, correspondence, containers, drums, shipping tags, boxes and etc.
2. AN ORIGINAL TYPED INVOICE AND FOUR COPIES MUST BE SUBMITTED FOR PAYMENT AGAINST THIS PURCHASE ORDER TO SPENDING UNIT DESIGNATED ON THE FACE OF THE PURCHASE ORDER.
3. Any request for changes or corrections in the purchase order must be submitted to the Purchasing Division in writing. The unit price on all purchase orders not containing a price adjustment agreement will remain firm for the life of the contract.
4. Vendors offering items claimed as equal to those specified on the purchase order, but which are not equal, may be subject to the Purchasing Director's recommendation that the right and privilege of the vendor to bid on State purchases be suspended, in accordance with the W.V.A. Code, §5A-3-39.
5. All tangible property and/or services sold to the State of West Virginia on this purchase order is exempt from consumers sales and service tax or use tax. Vendor's file copy of this order will be accepted by the State Tax Department as an exemption certificate.
6. All sales of tangible property and/or services to the State of West Virginia, which are consummated in this State, are subject to West Virginia business and occupation tax.
7. All sales to the State of West Virginia are exempt from federal tax under Exemption No. A-108077.
8. The State of West Virginia may reject, revoke, or cancel this agreement or any part thereof, and, in the absence of provisions for liquidated damages as set forth in the body of this agreement, shall have the right to recover any and all damages sustained as a result of the vendor's failure to perform, in whole or in part, the terms and conditions of this agreement. The State may withhold from any remittance due the vendor under the terms and conditions of this agreement an amount equal to the damages sustained by such failure of performance on the part of the vendor.
9. The Director of Purchasing reserves the right to cancel this contract upon fifteen (15) days written notice to the vendor, subject to the following qualifications:
 - a. Allowances may be made for delays in delivery or performance which are caused by shortages of materials or energy resources, strikes or by other causes beyond the control of the vendor. Provided, however, that the cause of such delay must be direct and that the vendor must submit to the Director of Purchasing, documented proof of the cause of any such delay.
 - b. Notwithstanding the above provision, the Director of Purchasing reserves the right to cancel this contract forthwith if the commodities supplied as herein contracted for are of an inferior quality or if the commodities supplied are not in conformity with the specifications of the bid and contract herein. Any deviations from specifications indicated herein must be clearly pointed out; otherwise, it will be considered that items offered are in strict compliance with these specifications and successful bidder will be held responsible therefor. Deviations must be explained in detail. Vendors offering items claimed as equal to those specified hereon, but which are not equal, may be removed from the bidders list, at the option of the Director of Purchasing.
10. PROVIDER agrees that it will comply with Title VI of the Federal Civil Rights Act of 1964 (P.L. 88-352) and the Regulations of the State of West Virginia, to the end that no person in the State, or in the United States, shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which the Provider receives any recompense or other consideration of value, either directly or indirectly, from the State; and HEREBY GIVES ASSURANCE THAT it will immediately take any measures necessary to effectuate this agreement.

If any real property or structure thereon is provided or improved, this assurance shall obligate the Provider, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which any State payment is extended or for another purpose involving the provision of similar services or benefits. If any other goods or services are so provided, this assurance shall obligate the Provider for the period during which it supplies such goods or services.

The Provider recognizes and agrees that such right to provide property, goods or services to the State will be extended in reliance on the representations and agreements made in this assurance, and that the State shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Provider, its successor, transferees, and assignee, or any authorized persons on behalf of the Provider.
11. FAILURE OF SUCCESSFUL BIDDER TO MAKE DELIVERY AS QUOTED HEREIN WILL BE CONSIDERED SUFFICIENT CAUSE FOR CANCELLATION.
12. VENDORS MUST BE PROPERLY REGISTERED WITH THE PURCHASING DIVISION



TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF REGISTRAR

KANAWHA VALLEY BANK, N.A., a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Harpers Ferry Water Revenue Bonds, Series 1986 A and Series 1986 B, all dated December 19, 1986, in the aggregate principal amount of \$762,000 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 19th day of December, 1986.

KANAWHA VALLEY BANK, N.A.

By

Its

Paul Lulici
TRUST OFFICER

12/15/86
HARP5-N

TOWN OF HARPERS FERRY

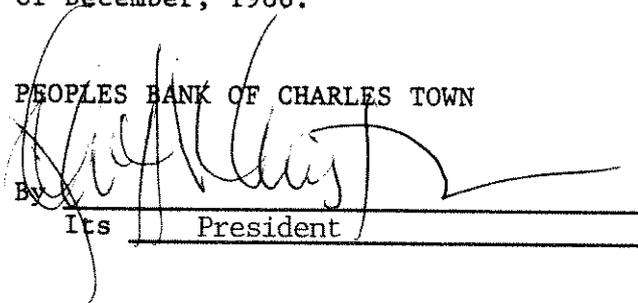
Water Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

PEOPLES BANK OF CHARLES TOWN, a state banking corporation, with principal office in Charles Town, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Harpers Ferry, enacted November 24, 1986, authorizing issuance of the Town's Water Revenue Bonds, Series 1986 A and Series 1986 B, both dated December 19, 1986, in the aggregate principal amount of \$762,000 (collectively, the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Ordinance.

Dated this 19th day of December, 1986.

PEOPLES BANK OF CHARLES TOWN

By 

Its President

12/16/86
HARP5-0

TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

PEOPLES BANK OF CHARLES TOWN, a state banking corporation, with principal office in Charles Town, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Harpers Ferry, enacted November 24, 1986, authorizing issuance of the Town's Water Revenue Bonds, Series 1986 A and Series 1986 B, both dated December 19, 1986, in the aggregate principal amount of \$762,000 (collectively, the "Governmental Agency Bonds") and agrees to perform all duties of Depository Bank in connection with such Governmental Agency Bonds, all as set forth in said Ordinance.

Dated this 19th day of December, 1986.

PEOPLES BANK OF CHARLES TOWN

By _____
Its _____

12/16/86
HARP5-0

CHANGED

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TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

CERTIFICATE OF REGISTRATION OF BONDS

I, Bruce C. Leckie, Trust Officer of Kanawha Valley Bank, N.A., as Registrar under the Local Act and Registrar's Agreement providing for the \$762,000 aggregate principal amount of Water Revenue Bonds, Series 1986 A and Series 1986 B, of the Town of Harpers Ferry (the "Governmental Agency"), hereby certify that on the 19th day of December, 1986, the single fully registered Series 1986 A Bond of the Governmental Agency in the principal amount of \$611,912 designated "Water Revenue Bond, Series 1986 A," numbered AR-1, and the single fully registered Series 1986 B Bond of the Governmental Agency in the principal amount of \$150,088 designated "Water Revenue Bond, Series 1986 B," numbered BR-1, were registered as to principal and interest (the Series 1986 B Bond being registered as to principal only) on the date hereof in the name of "West Virginia Water Development Authority" in the books of the Governmental Agency kept for that purpose at our office, by a duly authorized officer on behalf of the Kanawha Valley Bank, N.A., as Registrar.

WITNESS my signature as of this 19th day of December, 1986.

KANAWHA VALLEY BANK, N.A.

By Bruce C. Leckie
Its Trust Officer

12/15/86
HARP5-P

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 19th day of December, 1986, by and between the TOWN OF HARPERS FERRY, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and KANAWHA VALLEY BANK, N.A., a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$762,000 aggregate principal amount of Water Revenue Bonds, Series 1986 A and Series 1986 B, in fully registered form (collectively, the "Governmental Agency Bonds"), pursuant to a Bond Ordinance enacted November 24, 1986, and a Supplemental Resolution adopted December 16, 1986 (collectively, the "Local Act");

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

WHEREAS, the Local Act provides for an appointment by the Governmental Agency of a Registrar for the Governmental Agency Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Governmental Agency Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Governmental Agency Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the

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Governmental Agency Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

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

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

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

ISSUER: Town of Harpers Ferry
Office of Mayor and Recorder
Harpers Ferry, West Virginia 25425

REGISTRAR: Kanawha Valley Bank, N.A.
One Valley Square
Post Office Box 1793
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Governmental Agency Bonds in accordance with the Local Act.

IN WITNESS WHEREOF, the TOWN OF HARPERS FERRY and KANAWHA VALLEY BANK, N.A. have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF HARPERS FERRY

By 
Mayor

KANAWHA VALLEY BANK, N.A.

By 
Its Trust Officer

12/16/86
HARP5-M

EXHIBIT A

[Included in transcript as Document No. 1]

INVOICE



ONE FINANCIAL PLACE
Kanawha Valley Bank, N.A.

TOWN OF HARPERS FERRY, WV
ATT; MAYOR

DECEMBER 19, 1986

DATE: _____

UNITS	ITEM DESCRIPTION	TOTAL
	TOWN OF HARPERS FERRY, WV WATER DEVELOPMENT REVENUE BOND - 1986 SERIES - \$611,912 PAR SERIES A AND \$150,088 PAR SERIES B (SUPPLEMENT) ONE TIME FEE TO SERVE AS AUTHENTICATING AGENT AND REGISTRAR	\$500.00

SEND REMITTANCE TO:

KANAWHA VALLEY BANK, N.A.
CORPORATE TRUST DEPARTMENT
P.O. BOX 1793
CHARLESTON, W.VA. 25326-1793

ATT; CHARLOTTE S.
MORGAN

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto Kanawha Valley Bank, N.A., Charleston, West Virginia, the Water Revenue Bond, Series 1986 A, of the Town of Harpers Ferry in the principal amount of \$611,912, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: December 19, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative



12/15/86
HARP5-Q

CERTIFICATES

- 14 General Certificate of Governmental Agency and Attorney
- 15 Certificate as to Arbitrage
- 16 Certificate of Engineer
- 17 Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

- 18 Town Charter
- 19 Oaths of Office of Councilmembers
- 20 Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
- 21 Rate Ordinance
- 22 Minutes on Enactment of Bond Ordinance and Adoption of Supplemental Bond Resolution (Meetings of November 3, November 10, November 24 and December 16, 1986)

MISCELLANEOUS DOCUMENTS

- 23 National Park Service Grant Agreement
- 24 West Virginia Small Cities Grant Agreement
- 25 Acceptance by Kanawha Valley Bank, N.A. of Duties as Registrar
- 26 Acceptance by Peoples Bank of Charles Town, of Duties as Depository Bank
- 27 Certificate of Registration
- 28 Registrar's Agreement
- 29 Assignment Separate From Bond

12/15/86
HARP5-C

TOWN OF HARPERS FERRY
WATER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B

BOND ORDINANCE

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11/10/86
HARP3-B

TOWN OF HARPERS FERRY

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARPERS FERRY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE TOWN COUNCIL OF THE TOWN OF HARPERS FERRY:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Harpers Ferry (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Jefferson County of said State. The Issuer now owns and operates a public waterworks system, heretofore financed in part by the issuance of the 1964 Bonds (as hereinafter defined) and the Issuer desires to acquire and construct certain additions and improvements therefor.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed additions any improvements to the existing waterworks system of the Town of Harpers Ferry, consisting of a new water treatment plant, new raw water intakes, pump stations, demolition of the existing treatment plant, and all necessary appurtenances (the "Project") (the Project, the existing waterworks facilities and any additions thereto or extensions thereof, is herein called the "System") at an estimated cost of \$2,144,200, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than \$900,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than \$700,000 and the Series 1986 B Bonds in the aggregate principal amount of not more than \$200,000 (collectively, the "Bonds"). Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

G. There are to be issued contemporaneously with the issuance of the Bonds, certain additional Water Revenue Bonds, Series 1986 C of the Issuer in the aggregate principal amount of \$105,000 (the "Series 1986 C Bonds"), the proceeds of which shall be applied to payment in full of certain outstanding obligations of the Issuer. The Series 1986 C Bonds shall be on a parity with respect to liens and sources of and security for payment therefor with the Series 1986 A Bonds. Except for the Series 1986 C Bonds, there are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1986 B Bonds shall be junior and subordinate to both the Series 1986 A Bonds and the Series 1986 C Bonds with respect to liens and sources of and security for payment therefor.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and issuance of the Bonds or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt bonds during the calendar year in which the Bonds are to be issued and has issued no obligations during the current calendar year except for the Series 1986 A, the Series 1986 B and the Series 1986 C Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason

of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 8, Article 19 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Council of the Issuer.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bonds" means the Original Bonds and any bonds on a parity therewith authorized to be issued hereunder.

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

"Consulting Engineers" means Patton, Harris, Rust & Associates, Fairfax, Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02(D) hereof to be a part of the cost of acquisition and construction of the Project.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

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

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

"Governing Body" means the Council of the Issuer, as may hereafter be constituted.

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

"Grants" means, collectively, the State Grant and the Other Grants, as hereinafter defined.

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

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

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

"Issuer" means the Town of Harpers Ferry, in Jefferson County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of

which shall be approved, and the execution and delivery by the Issuer authorized by, this Ordinance or a resolution adopted by the Issuer prior to the enactment of this Ordinance.

"Mayor" means the Mayor of the Issuer.

"National Park Service Grant" means the grant from the United States National Park Service, pursuant to the commitment therefor.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Registrar, Paying Agent and the Depository Bank, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal or redemption premium, if any, or interest on the Bonds charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$700,000 in aggregate principal amount of Series 1986 A Bonds and not more than \$200,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in accordance with a resolution or resolutions supplemental hereto and which are originally authorized hereby.

"Other Grants" means the National Park Service Grant and any other grant or grants, other than the State Grant, hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon

being delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof, but does not include the Series 1986 C Bonds.

"Paying Agent" means the West Virginia Municipal Bond Commission, or such entity or authority as may hereafter be designated by the Issuer.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of a new water treatment plant, new raw water intakes, pump stations, demolition of the existing treatment plant, and all necessary appurtenances.

"Qualified Investments" means and includes any of the following:

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley

Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

collateral must be free of all claims by third parties;

(h) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution;

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

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

"Recorder" or "City Clerk" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Revenue Fund" means the Revenue Fund established by Section 5.01 hereof.

"Series 1986 A Bonds" or "Series A Bonds" means the not more than \$700,000 in aggregate principal amount of Water Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than \$200,000 in aggregate principal amount of Water Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1986 C Bonds" or "Series C Bonds" means the \$105,000 in aggregate principal amount of Water Revenue Bonds, Series 1986 C, of the Issuer, issued under a separate ordinance, enacted concurrently herewith, by the Issuer.

"State" means the State of West Virginia.

"State Grant" means the West Virginia Small Cities Block Grant pursuant to the commitment therefor.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Series C Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds, Series C Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete municipal waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further

additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$2,144,200, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article VI hereof.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds, funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$900,000. Said Bonds shall be issued in two series, to be designated respectively, "Water Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$700,000, and "Water Revenue Bonds, Series 1986 B," in the aggregate principal amount of \$200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of

said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall

further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same,

upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Series 1986 A Bonds and Series 1986 C Bonds to be on Parity; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds and Series 1986 C Bonds. The payment of the debt service of all the Series 1986 A Bonds and Series 1986 C Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System, on a parity or equal basis. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, but junior and subordinate to the lien on such Gross Revenues in favor of the Holders of the Series 1986 A Bonds and Series 1986 C Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, to make the payments into the Sinking Fund and the Reserve Account therein hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARPERS FERRY
WATER REVENUE BOND, SERIES 1986 A

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARPERS FERRY, a municipal corporation of the State of West Virginia in Jefferson County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1986 and a Supplemental Resolution duly adopted by the Issuer on _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Water Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of \$ _____, and the Water Revenue Bonds, Series C, of the Issuer (the "Series 1986 C Bonds") issued in the aggregate principal amount of \$ _____. The Series 1986 A Bonds and the Series 1986 C Bonds are on a parity with respect to liens, pledges and sources of and security for payment thereof. The Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Series 1986 A Bonds and Series 1986 C Bonds.

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose and all operating expenses of the System. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient,

together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed

any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF HARPERS FERRY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARPERS FERRY
WATER REVENUE BOND, SERIES 1986 B

No. BR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARPERS FERRY, a municipal corporation of the State of West Virginia in _____ County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1986 and a Supplemental Resolution duly adopted by the Issuer on _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance

of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Series 1986 A Bonds and Series 1986 C Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose and all operating expenses of the System. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING WATER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION AND THE OUTSTANDING WATER REVENUE BONDS, SERIES 1986 C, OF THE ISSUER, ALSO ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE SEPARATE ORDINANCE AUTHORIZING SUCH ISSUE (THE "SERIES 1986 C BONDS").

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

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

IN WITNESS WHEREOF, the TOWN OF HARPERS FERRY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A," and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

[RESERVED]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) Series 1986 A Bonds Sinking Fund;
 - (a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.
- (2) Series 1986 B Bonds Sinking Fund;
 - (a) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

- (1) The Issuer shall first pay from the Revenue Fund, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from

the Series 1986 A Bonds Reserve Account for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall also, simultaneously and without preference to the payments required by paragraphs (1), (3) and (4) of this Section 5.03, on the first day of each month, commencing on the first date of payment of interest on the Series 1986 C Bonds, apportion and set apart out of the Revenue Fund and remit to the paying agent for the Series 1986 C Bonds, for deposit in the Series 1986 C Bonds Sinking Fund, the amount of interest which becomes due on the Series 1986 C Bonds on such monthly interest payment date.

(3) The Issuer shall also, simultaneously and without preference to the payments required by paragraphs (1), (2) and (4) of this Section 5.03, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, simultaneously and without preference to the payments required by paragraphs (1), (2) and (3) of this Section 5.03, on the first day of each month, commencing on the first date of payment of principal of the Series 1986 C Bonds, apportion and set apart out of the Revenue Fund and remit to the

paying agent for the Series 1986 C Bonds for deposit in the Series 1986 C Bonds Sinking Fund, the amount of principal which becomes due on the Series 1986 C Bonds on each principal payment date.

(5) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(6) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of the Series 1986 A Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1986 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(5)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any

moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

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(9) The Issuer shall next, each month, pay from the Revenue Fund the Operating Expenses of the System.

Moneys in the Series 1986 A Bonds Sinking Fund, the Series 1986 B Bonds Sinking Fund and the Series 1986 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account, the Series 1986 C Sinking Fund, the Renewal and Replacement Fund and the Series 1986 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund, the Series 1986 B Bonds Sinking Fund, the Reserve Accounts therein or into the Series 1986 C Bonds Sinking Fund when the aggregate amount of funds in all said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation and Series 1986 C Bonds then Outstanding and all interest to accrue until the respective maturities thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1986 A Bonds and Series 1986 B Bonds Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All amounts required for the Series 1986 C Bonds Sinking Fund shall be remitted to the paying agent for the Series 1986 C Bonds.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then

such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

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

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

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1986 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Reserve Account and from the proceeds of the Series 1986 B Bonds, there shall be deposited with the Commission in the Series 1986 B Reserve Account the respective sums set forth in the Supplemental Resolution for funding the Reserve Accounts.

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C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1986 A Bonds and thereafter for the Series 1986 B Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

(B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1986 A Bonds Reserve Account, and when fully funded to the Series 1986 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds are next to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System (on a parity with the Series 1986 C Bonds) and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, but such lien shall be junior and subordinate to the lien on said Gross Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1986 C Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the issuer enacted September 18, 1985.

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise, shall be deposited in the Revenue Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and

Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.05. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. So long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations (except the Series 1986 C Bonds) whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except the Series 1986 C Bonds and such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to both the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. With the exception of the Series 1986 C Bonds, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

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

(A) The Bonds and the Series 1986 C Bonds then Outstanding;

(B) Any other Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be

adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include the Series 1986 C Bonds or bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1986 A Bonds or the Series 1986 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for

in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Series 1986 A Bonds; and the Series 1986 C Bonds are hereby specifically authorized to be issued in an amount not to exceed \$120,000.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced

budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than \$500,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(C) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(D) FLOOD INSURANCE, to the extent obtainable at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall, after a 30 day notice of the

availability of the System, pay the rates and charges established therefor.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1986 A Bonds and Series 1986 C Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Depository Bank that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986 (or any successor provision) and an Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer hereby covenants to rebate to the United States Government the amounts required by Section 148 of the Internal Revenue Code of 1986, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners, provided however, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds and Series 1986 C Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act,

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

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 B Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance authorized hereby to enable the interest on the Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds.

Section 11.06. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that the ordinance authorizing issuance of the Series 1986 C Bonds shall not be repealed, but in the event of a conflict, this Ordinance shall control.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

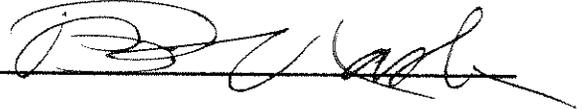
Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing thereon.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Spirit of Jefferson Advocate and the Martinsburg Evening Journal, both qualified newspapers in general circulation in the Town of Harpers Ferry, there being no newspaper published therein, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office

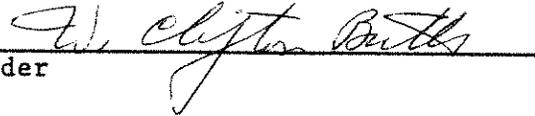
hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - Apr. 3rd 1986
Passed on Second Reading - Apr. 10th 1986
Passed on Final Reading
Following Public
Hearing - Apr. 24th 1986

Mayor



Recorder



04/04/87
HARP3-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]

TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B OF THE TOWN OF HARPERS FERRY; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the town council (the "Governing Body") of the Town of Harpers Ferry (the "Issuer"), has duly and officially enacted a bond ordinance, effective November 24, 1986 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF HARPERS FERRY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 A AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1986 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$900,000, to be issued in two

series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than \$700,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than \$200,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1986 A Bonds dated July 31, 1986, and a supplemental loan agreement relating to the Series 1986 B Bonds, also dated July 31, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 8, Article 19 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued:

(A) The Water Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$611,912. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, shall be subject to redemption upon the written consent of the Authority, and

upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Water Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$150,088. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2026, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of December 19, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint Peoples Bank of Charles Town, Charles Town, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1986 A Bond Proceeds in the amount of \$78,000 shall be deposited in the Series 1986 A Sinking Fund, as capitalized interest.

Section 8. Series 1986 A Bond proceeds in the amount of \$53,807 and Series 1986 B Bond proceeds in the amount of \$3,950 shall be deposited in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about December 19, 1986, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

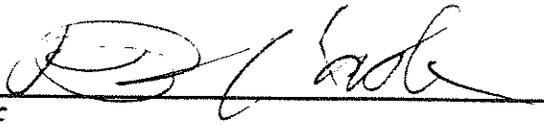
Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, when and as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as a "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 16th day of December, 1986.

TOWN OF HARPERS FERRY



Mayor

12/15/86
HARP5-D

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CORPORATION OF HARPERS FERRY

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall have received bids for the construction of the Project which are in an amount

and otherwise compatible with the plan of financing described in the Application, and the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Local Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make

the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than five (5) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

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

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official

action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

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

(b) Covenants substantially as follows:

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

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

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

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

(v) That the Governmental Agency shall not issue any other obligations payable from the

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement.

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

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

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

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on

Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses and fees paid to the trustee and paying agents for the water development revenue bonds. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as

set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount

to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

7.4 This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

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

Corporation of Harpers Ferry
[Proper Name of Governmental Agency]

(SEAL)

By

Its 
Mayor

Attest:

Date: July 31, 1986

H. Clayton Butts
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edgar M. Sturgis
Director

Attest:

Date: Nov. 13, 1986

Samuel B. Zerkow
Secretary-Treasurer

WDA-5X
(August 1985)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>611,912.00</u>
Purchase Price of Local Bonds	\$ <u>611,912.00</u>

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38% per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

TABLE 2

CORPORATION OF HARPERS-FERRY
ANALYSIS OF 7.00% BORROWING COST

-----1986 SERIES A BONDS-----

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
10/ 1/1987	0.000	0.00	40,310.52	40,310.52
10/ 1/1988	0.000	0.00	51,278.23	51,278.23
10/ 1/1989	8.380	2,528.00	51,278.23	53,806.23
10/ 1/1990	8.380	2,740.00	51,066.38	53,806.38
10/ 1/1991	8.380	2,969.00	50,836.77	53,805.77
10/ 1/1992	8.380	3,218.00	50,587.97	53,805.97
10/ 1/1993	8.380	3,488.00	50,318.30	53,806.30
10/ 1/1994	8.380	3,780.00	50,026.00	53,806.00
10/ 1/1995	8.380	4,097.00	49,709.24	53,806.24
10/ 1/1996	8.380	4,440.00	49,365.91	53,805.91
10/ 1/1997	8.380	4,812.00	48,993.84	53,805.84
10/ 1/1998	8.380	5,216.00	48,590.59	53,806.59
10/ 1/1999	8.380	5,653.00	48,153.49	53,806.49
10/ 1/2000	8.380	6,127.00	47,679.77	53,806.77
10/ 1/2001	8.380	6,640.00	47,166.33	53,806.33
10/ 1/2002	8.380	7,196.00	46,609.90	53,805.90
10/ 1/2003	8.380	7,799.00	46,006.87	53,805.87
10/ 1/2004	8.380	8,453.00	45,353.31	53,806.31
10/ 1/2005	8.380	9,161.00	44,644.95	53,805.95
10/ 1/2006	8.380	9,929.00	43,877.26	53,806.26
10/ 1/2007	8.380	10,761.00	43,045.21	53,806.21
10/ 1/2008	8.380	11,663.00	42,143.44	53,806.44
10/ 1/2009	8.380	12,640.00	41,166.08	53,806.08
10/ 1/2010	8.380	13,699.00	40,106.85	53,805.85
10/ 1/2011	8.380	14,847.00	38,958.87	53,805.87
10/ 1/2012	8.380	16,092.00	37,714.69	53,806.69
10/ 1/2013	8.380	17,440.00	36,366.18	53,806.18
10/ 1/2014	8.380	18,901.00	34,904.71	53,805.71
10/ 1/2015	8.380	20,485.00	33,320.81	53,805.81
10/ 1/2016	8.380	22,202.00	31,604.16	53,806.16
10/ 1/2017	8.380	24,063.00	29,743.64	53,806.64
10/ 1/2018	8.380	26,079.00	27,727.16	53,806.16
10/ 1/2019	8.380	28,264.00	25,541.74	53,805.74
10/ 1/2020	8.380	30,633.00	23,173.21	53,806.21
10/ 1/2021	8.380	33,200.00	20,606.17	53,806.17
10/ 1/2022	8.380	35,982.00	17,824.01	53,806.01
10/ 1/2023	8.380	38,997.00	14,808.72	53,805.72
10/ 1/2024	8.380	42,265.00	11,540.77	53,805.77
10/ 1/2025	8.380	45,807.00	7,998.96	53,805.96
10/ 1/2026	8.380	49,646.00	4,160.33	53,806.33
		611,912.00	1,524,309.57	2,136,221.57

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: KBHARP, 10-DEC-86, EBW

SCHEDULE Y
REVENUES

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

(i) to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth (1/12) of one-tenth (1/10) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

(iv) to pay Operating Expenses of the System; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

CORPORATION OF HARPERS FERRY

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Supplemental Bonds, construction of the Project and imposition of rates and charges and shall have taken any other action required for the imposition of such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel, to such effect;

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

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental

Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

ARTICLE IV

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

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

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and

incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

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

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except for accrued interest and capitalized interest, if any, must be deposited in a construction fund on which the owner of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs), provided that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon; and

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

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are

described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

4.4 The Supplemental Loan shall not bear interest.

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

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

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section

4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X, Y and Z shall be attached to this Supplemental Loan Agreement at the time of execution hereof by the Authority and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

7.7 By execution and delivery of this Supplemental Loan Agreement, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Supplemental Bonds to the Authority and that such obligation may be specifically

enforced or subject to a similar equitable remedy by the Authority.

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

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

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

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

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

Corporation of Harpers Ferry
[Proper Name of Governmental Agency]

(SEAL)

By

[Signature]
Its Mayor

Attest:

Date: July 31, 1986

[Signature]
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By

[Signature]
Director

Attest:

Date: Mar 13, 1986

[Signature]
Secretary-Treasurer

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>150,088.00</u>
Purchase Price of Supplemental Bonds	\$ <u>150,088.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

TABLE 3
CORPORATION OF HARPERS-FERRY
ANALYSIS OF 7.00% BORROWING COST

MATURITY DATE	ZERO COUPON BONDS
10/ 1/1987	0.00
10/ 1/1988	0.00
10/ 1/1989	3,949.84
10/ 1/1990	3,949.68
10/ 1/1991	3,949.68
10/ 1/1992	3,949.68
10/ 1/1993	3,949.68
10/ 1/1994	3,949.68
10/ 1/1995	3,949.68
10/ 1/1996	3,949.68
10/ 1/1997	3,949.68
10/ 1/1998	3,949.68
10/ 1/1999	3,949.68
10/ 1/2000	3,949.68
10/ 1/2001	3,949.68
10/ 1/2002	3,949.68
10/ 1/2003	3,949.68
10/ 1/2004	3,949.68
10/ 1/2005	3,949.68
10/ 1/2006	3,949.68
10/ 1/2007	3,949.68
10/ 1/2008	3,949.68
10/ 1/2009	3,949.68
10/ 1/2010	3,949.68
10/ 1/2011	3,949.68
10/ 1/2012	3,949.68
10/ 1/2013	3,949.68
10/ 1/2014	3,949.68
10/ 1/2015	3,949.68
10/ 1/2016	3,949.68
10/ 1/2017	3,949.68
10/ 1/2018	3,949.68
10/ 1/2019	3,949.68
10/ 1/2020	3,949.68
10/ 1/2021	3,949.68
10/ 1/2022	3,949.68
10/ 1/2023	3,949.68
10/ 1/2024	3,949.68
10/ 1/2025	3,949.68
10/ 1/2026	3,949.68
	150,088.00

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: KBHARP, 10-DEC-86, EBW

SCHEDULE Y
REVENUES

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

(i) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local ordinance, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ($1/6$) of the interest payment next coming due on the Local Bonds and one-twelfth ($1/12$) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof, in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount equal to one-twelfth ($1/12$) of one-tenth ($1/10$) of the amount necessary to fund the Reserve Account at the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iii) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth ($1/12$) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount equal to one-twelfth ($1/12$) of one-tenth ($1/10$) of the amount

necessary to fund the Supplemental Reserve Account at the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "Local Statute" means Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended.

2. "System" means the waterworks system owned by the Governmental Agency in its entirety or any integral part thereof, including mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system, and any additions, betterments or improvements thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Department of Health.

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

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of the System until all delinquent charges for the services of the System have been fully paid.

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



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 13, 1986

CASE NO. 86-438-W-CN

THE CORPORATION OF HARPERS FERRY,
a municipal corporation, Jefferson
County.

Application for a certificate of
convenience and necessity to
construct improvements to existing
water system.

FINAL ORDER

On July 29, 1986, The Corporation of Harpers Ferry, a municipal corporation, Jefferson County, filed a duly verified application for a certificate of convenience and necessity to construct a water system improvement program to draw a 400,000 to 500,000 gallon average additional water supply from the Potomac River to complement present spring source of public water supply at the Bakerton Road Underpass area in the Harpers Ferry District, near Secondary Route 27, in Jefferson County.

As proposed, the project will consist of new raw water intakes and a new water treatment plant that will treat the additional Potomac River intake water, as well as the present spring source of water supply, for the Town of Harpers Ferry.

The Corporation of Harpers Ferry (Applicant) estimates that the construction cost will be approximately \$1,786,393. The Applicant proposes to finance this amount with a Small Cities Block Grant of \$750,000, a National Park Service contribution of \$691,000 and a loan from the West Virginia Water Development Authority of an amount not to exceed \$765,000.

Pursuant to West Virginia Code §24-2-11, the Commission entered its order on July 29, 1986, which directed The Corporation of Harpers Ferry, a municipal corporation, to give notice of the filing this application by publishing a copy of said order once in a newspaper, duly qualified by the Secretary of State, published and or general circulation in Jefferson County, making due return to the Commission of proper certification of publication immediately after such publication. It was provided therein that anyone desiring to make objections to the application must do so, in writing, within thirty (30) days after the publication of the notice. In said order, the Commission reserved the right to waive formal hearing and grant the application of The Corporation of Harpers Ferry, based upon the evidence submitted with the application, receipt of protest to the application and Commission review thereof.

Publication was made as directed in the Spirit of Jefferson Advocate, on August 7, 1986, and a proper affidavit of publication was forwarded to the Commission. As of the date of this order, no protest to the granting of this application has been received.

Pursuant to standard Commission policy, this application was submitted to the Commission's various operating divisions for their respective review and recommendations. A review of this case file reveals that this application is Harpers Ferry's third attempt to have this project certificated. Prior applications were dismissed without prejudice for various problems not associated with the merit of the project or the public's need thereof.

The project will consist of new raw water intakes and a new water treatment plant. A new water intake and pump station will be built on the Potomac River. A second raw water pump station will be connected to the

existing water intake that is located on Elk Run. The new treatment facility will consist of presedimentation, clarification, filtration and disinfection. The clarification and filtration processes will be accomplished by equipment housed in the treatment building. The building which will be 50 feet by 75 feet will also house laboratory, chemical storage and disinfection facilities. A new clearwell will be built on the site. The existing treatment plant will be demolished, the site regraded and seeded.

Staff has had numerous opportunities to examine the matters contained in the previous two applications, as well as the present filing. The operations and maintenance expenses will total \$86,900 for the water system. This includes \$44,300 for labor, \$3,900 for office expenses, \$1,500 for taxes, insurance and bonds, \$25,200 for plant operation and \$10,000 for distribution system and meter maintenance. Staff has voiced no objections to the level of these expenses which are herein found to be reasonable. The Applicant has submitted a duly enacted rate ordinance which will produce revenues that Staff has found to sufficiently fund this project in its operation.

In response to requests from Staff Attorney Ann A. Spaner the Applicant has submitted letters of commitment from the Water Development Authority, National Park Service and a commitment from the Peoples Bank of Charles Town to furnish \$100,000 to retire outstanding water bonds.

The Applicant's original filing, Case No. 85-103-W-CN, contains a Certificate of Approval, Permit No. 9316, from the West Virginia Department of Health covering this project. The Applicant's previous filing also contains evidence of permits from the Department of Highways, Public Land Corporation and County Health Department. Due to the location of

this project, it appears that permits were necessary, and received, from the Water Supply Section and Water Shed Permits Division of the Maryland Department of Natural Resources. The Maryland Department of Health has also given its approval to the project.

By Memorandum dated October 30, 1986, Staff Attorney Ann A. Spaner entered Staff's recommendations in the form of a Joint Staff Memorandum. In this Memorandum, Ms. Spaner notes the receipt of the funding commitments and Staff's prior investigation of this particular project. Staff recommends that this application be approved without a hearing.

FINDINGS OF FACT

1. On July 29, 1986, The Corporation of Harpers Ferry, a municipal corporation, Jefferson County, filed an application for a certificate of convenience and necessity to allow it to construct, maintain and operate a water system improvement program designed to allow it to draw a 400,000 to 500,000 gallon average additional water supply from the Potomac River to complement the present spring source of public water supply. The project will consist of a new raw water intake and new water treatment plant that will be able to treat the additional water taken from the Potomac River.

2. The total estimated project cost will be approximately \$1,786,393.

3. The project will be financed by a Small Cities Block Grant of \$750,000, a National Park Service contribution of \$691,000 and a loan from the West Virginia Water Development Authority of an amount not to exceed \$765,000.

4. The Applicant has placed into effect a duly enacted water rate ordinance which will produce revenues sufficient to allow the Applicant to finance the construction and operation of this project.

5. The Applicant has obtained State Department of Health approval, as well as other regulatory body approval from the States of West Virginia and Maryland.

6. The proposed project will allow the Applicant to correct the present situation where dry weather causes the Applicant to curtail water service, because the sole source of raw water, a natural spring, is affected by the weather. The proposed project will also allow the Applicant to provide water service to additional customers, which it has not been able to do recently.

7. The Applicant has submitted an affidavit of publication indicating that publication requirements of West Virginia Code §24-2-11 have been met. As of the date of this order, no written protests to the granting of this application have been received.

8. Staff recommends approval of this project without hearing.

CONCLUSIONS OF LAW

Based upon a review of the application and of all the information contained in the case file, the Hearing Examiner is of the opinion, finds and concludes:

1. That there exists a public need for the proposed water system improvement program designed to allow the Applicant to draw an average of 400,000 to 500,000 gallons per day as a raw water source in addition to its use of a natural spring. The project is to consist of new raw water intakes and a new water treatment plant designed to treat the additional

water taken from the Potomac River, in addition to the present spring source of water supply for the Town of Harpers Ferry.

2. That the public convenience and necessity will best be served by the issuances of a certificate of convenience and necessity to the Applicant for the proposed project.

3. That The Corporation of Harpers Ferry has provided adequate and proper notice to the public of this application.

4. That the proposed financing for this project is reasonable and should be approved.

5. That The Corporation of Harpers Ferry's proposed use of its currently enacted rates and charges is reasonable and will adequate provide funding for this project, which is found to be economically feasible.

6. That good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11.

7. That the issuance of a certificate of convenience and necessity should be valid for this project as proposed and any substantial changes in the scope of this project and/or funding after being received, will require further Commission approval.

ORDER

IT IS, THEREFORE, ORDERED:

1. That formal hearing on this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remains no outstanding issues to be litigated.

2. That the proposed financing of this project be approved.

3. That a certificate of convenience and necessity be, and it hereby is, granted to The Corporation of Harpers Ferry to construct, operate and maintain new raw water intakes and a new water treatment plant at the Bakerton Road Underpass area in the Harpers Ferry District, near Secondary Route 27 in Jefferson County, which will allow the Applicant to treat an average of 400,000 to 500,000 gallons per day as an additional raw water source complementing its present spring source of water, as the same has been set out in its application.

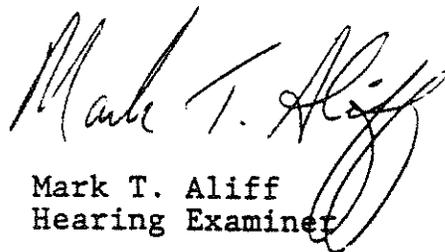
4. That if any substantial changes in the scope of this project and/or funding become necessary after being received, the Applicant shall apply to the Commission for approval of the same.

5. That the Executive Secretary of the Commission shall serve a copy of this order upon the Applicant by United States Certified Mail, return receipt requested, and upon the Commission's Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Hearing Examiners as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Hearing Examiners to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's

Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.


Mark T. Aliff
Hearing Examiner

MTA:dfs

TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and BRADLEY D. NASH, Mayor of the Town of Harpers Ferry (the "Governmental Agency"), hereby certify as follows:

1. On the 19th day of December, 1986, the Authority received the entire original issue of \$762,000 in aggregate principal amount of Water Revenue Bonds, Series 1986 A and Series 1986 B (collectively, the "Governmental Agency Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated December 19, 1986, the Series 1986 A Bond being in the principal amount of \$611,912 and the Series 1986 B Bond being in the principal amount of \$150,088.

2. At the time of such receipt of the Governmental Agency Bonds upon original issuance, all of the Governmental Agency Bonds had been executed by BRADLEY D. NASH, as Mayor of the Governmental Agency, by his manual signature, and by W. CLIFTON BUTTS, as Recorder of the Governmental Agency, by his manual signature, and the official seal of the Governmental Agency had been affixed upon the Governmental Agency Bonds.

3. The Governmental Agency has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Governmental Agency Bonds, of the proceeds of the Series 1986 A Bonds in the aggregate amount of \$611,912. Proceeds of the Series 1986 B Bonds are expected to be received in approximately 60 days. Upon receipt of the proceeds of the Series 1986 B Bonds the Governmental Agency will deliver to the Authority a receipt in substantially the form attached as Exhibit A hereto.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the TOWN OF HARPERS FERRY has caused this receipt to be executed by its Mayor, as of this 19th day of December, 1986.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Secretary-Treasurer

TOWN OF HARPERS FERRY

By [Signature]
Mayor

12/15/86
HARP5-E

EXHIBIT A

TOWN OF HARPERS FERRY

Water Revenue Bonds,
~~Series 1986 A and~~ Series 1986 B

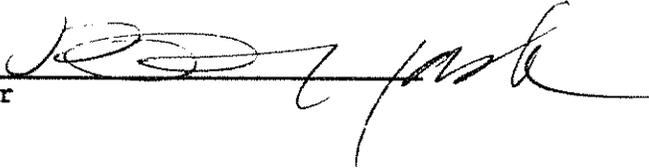
RECEIPT FOR SERIES 1986 B BOND PROCEEDS

The undersigned BRADLEY D. NASH, Mayor of the Town of Harpers Ferry (the "Governmental Agency"), hereby certifies that, on the _____ day of _____, 1987, the Governmental Agency received and hereby acknowledges receipt from the Authority, as the original purchaser of the captioned Bonds, the proceeds thereof in the amount of \$ 150,088 (100% of par).

Series 1986 B

IN WITNESS WHEREOF, the Town of Harpers Ferry has caused this receipt to be executed by its Mayor, as of this _____ day of _____, 1987.

TOWN OF HARPERS FERRY

By 
Mayor

12/15/86
HARP5-AA



TOWN OF HARPERS FERRY

Water Revenue Bonds,
Series 1986 A and Series 1986 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

Kanawha Valley Bank, N.A.
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Harpers Ferry Water Revenue Bonds, Series 1986 A, in the principal amount of \$611,912 and Bond No. BR-1, constituting the entire original issue of the Town of Harpers Ferry Water Revenue Bonds, Series 1986 B, in the principal amount of \$150,088 both dated December 19, 1986 (collectively, the "Governmental Agency Bonds"), executed by the Mayor and Recorder of the Town of Harpers Ferry (the "Governmental Agency") and bearing the official seal of the Governmental Agency, authorized to be issued under and pursuant to a Bond Ordinance and Supplemental Resolution duly enacted and adopted by the Governmental Agency (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated July 31, 1986, by and between the West Virginia Water Development Authority (the "Authority") and the Governmental Agency (collectively, the "Loan Agreement");

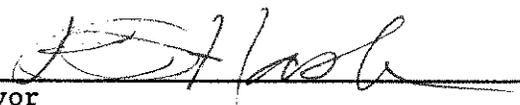
(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Governmental Agency Bonds.

You are hereby requested and authorized to deliver the Governmental Agency Bonds to the Authority upon payment to the account of the Governmental Agency of the sum of \$611,912,

representing the agreed aggregate purchase price of the Series 1986 A Bonds, there being no accrued interest thereon. Prior to such delivery of the Governmental Agency Bonds, you will please cause the Governmental Agency Bonds to be authenticated by an authorized officer, as Governmental Agency Bonds Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 19th day of December, 1986.

TOWN OF HARPERS FERRY

By 
Mayor

12/15/86
HARP5-F

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARPERS FERRY
WATER REVENUE BOND, SERIES 1986 A

No. AR-1

\$611,912

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARPERS FERRY, a municipal corporation of the State of West Virginia in Jefferson County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of SIX HUNDRED ELEVEN THOUSAND NINE HUNDRED TWELVE DOLLARS (\$611,912), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1987. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated July 31, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and

8

improvements for the existing waterworks facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on November 24, 1986 and a Supplemental Resolution duly adopted by the Issuer on December 16, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Water Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of \$150,088, and the Water Revenue Bonds, Series C, of the Issuer (the "Series 1986 C Bonds") issued in the aggregate principal amount of \$88,000. The Series 1986 A Bonds and the Series 1986 C Bonds are on a parity with respect to liens, pledges and sources of and security for payment thereof. The Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Series 1986 A Bonds and Series 1986 C Bonds.

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose and all operating expenses of the System. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the

System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF HARPERS FERRY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated December 19, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: December 19, 1986

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

-----1986 SERIES A BONDS-----

MATURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
			40,167.94	40,167.94
10/ 1/1987	0.000	0.00	40,310.52	40,310.52
10/ 1/1988	0.000	0.00	51,278.23	51,278.23
10/ 1/1989	8.380	2,528.00	51,278.23	53,806.23
10/ 1/1990	8.380	2,740.00	51,066.38	53,806.38
10/ 1/1991	8.380	2,969.00	50,836.77	53,805.77
10/ 1/1992	8.380	3,218.00	50,587.97	53,805.97
10/ 1/1993	8.380	3,488.00	50,318.30	53,806.30
10/ 1/1994	8.380	3,780.00	50,026.00	53,806.00
10/ 1/1995	8.380	4,097.00	49,709.24	53,806.24
10/ 1/1996	8.380	4,440.00	49,365.91	53,805.91
10/ 1/1997	8.380	4,812.00	48,993.84	53,805.84
10/ 1/1998	8.380	5,216.00	48,590.59	53,806.59
10/ 1/1999	8.380	5,653.00	48,153.49	53,806.49
10/ 1/2000	8.380	6,127.00	47,679.77	53,806.77
10/ 1/2001	8.380	6,640.00	47,166.33	53,806.33
10/ 1/2002	8.380	7,196.00	46,609.90	53,805.90
10/ 1/2003	8.380	7,799.00	46,006.87	53,805.87
10/ 1/2004	8.380	8,453.00	45,353.31	53,806.31
10/ 1/2005	8.380	9,161.00	44,644.95	53,805.95
10/ 1/2006	8.380	9,929.00	43,877.26	53,806.26
10/ 1/2007	8.380	10,761.00	43,045.21	53,806.21
10/ 1/2008	8.380	11,663.00	42,143.44	53,806.44
10/ 1/2009	8.380	12,640.00	41,166.08	53,806.08
10/ 1/2010	8.380	13,699.00	40,106.85	53,805.85
10/ 1/2011	8.380	14,847.00	38,958.87	53,805.87
10/ 1/2012	8.380	16,092.00	37,714.69	53,806.69
10/ 1/2013	8.380	17,440.00	36,366.18	53,806.18
10/ 1/2014	8.380	18,901.00	34,904.71	53,805.71
10/ 1/2015	8.380	20,485.00	33,320.81	53,805.81
10/ 1/2016	8.380	22,202.00	31,604.16	53,806.16
10/ 1/2017	8.380	24,063.00	29,743.64	53,806.64
10/ 1/2018	8.380	26,079.00	27,727.16	53,806.16
10/ 1/2019	8.380	28,264.00	25,541.74	53,805.74
10/ 1/2020	8.380	30,633.00	23,173.21	53,806.21
10/ 1/2021	8.380	33,200.00	20,606.17	53,806.17
10/ 1/2022	8.380	35,982.00	17,824.01	53,806.01
10/ 1/2023	8.380	38,997.00	14,808.72	53,805.72
10/ 1/2024	8.380	42,265.00	11,540.77	53,805.77
10/ 1/2025	8.380	45,807.00	7,998.96	53,805.96
10/ 1/2026	8.380	49,646.00	4,160.33	53,806.33
		<hr/> 611,912.00	<hr/> 1,524,309.57	<hr/> 2,136,221.57

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
 FILENAME: KBHARP, 10-DEC-86, EBW

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

12/16/86
HARP2-C

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF HARPERS FERRY
WATER REVENUE BOND, SERIES 1986 B

No. BR-1

\$150,088

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF HARPERS FERRY, a municipal corporation of the State of West Virginia in Jefferson County of said State, (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE HUNDRED FIFTY THOUSAND, EIGHTY-EIGHT DOLLARS (\$150,088), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated July 31, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on November 24, 1986 and a Supplemental Resolution duly adopted by the Issuer on December 16, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and

conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Series 1986 A Bonds and Series 1986 C Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose and all operating expenses of the System. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING WATER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE BOND LEGISLATION AND THE OUTSTANDING WATER REVENUE BONDS, SERIES 1986 C, OF THE ISSUER, ALSO ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE SEPARATE ORDINANCE AUTHORIZING SUCH ISSUE (THE "SERIES 1986 C BONDS").

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

All provisions of the Bond Legislation and statutes under which this Bond is issued shall be deemed to be a part of the

contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, the TOWN OF HARPERS FERRY has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated December 19, 1986.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

MATURITY DATE	ZERO COUPON BONDS
10/ 1/1987	0.00
10/ 1/1988	0.00
10/ 1/1989	3,949.84
10/ 1/1990	3,949.68
10/ 1/1991	3,949.68
10/ 1/1992	3,949.68
10/ 1/1993	3,949.68
10/ 1/1994	3,949.68
10/ 1/1995	3,949.68
10/ 1/1996	3,549.68
10/ 1/1997	3,949.68
10/ 1/1998	3,949.68
10/ 1/1999	3,949.68
10/ 1/2000	3,949.68
10/ 1/2001	3,949.68
10/ 1/2002	3,949.68
10/ 1/2003	3,949.68
10/ 1/2004	3,949.68
10/ 1/2005	3,949.68
10/ 1/2006	3,949.68
10/ 1/2007	3,949.68
10/ 1/2008	3,949.68
10/ 1/2009	3,949.68
10/ 1/2010	3,949.68
10/ 1/2011	3,949.68
10/ 1/2012	3,949.68
10/ 1/2013	3,949.68
10/ 1/2014	3,949.68
10/ 1/2015	3,949.68
10/ 1/2016	3,949.68
10/ 1/2017	3,949.68
10/ 1/2018	3,949.68
10/ 1/2019	3,949.68
10/ 1/2020	3,949.68
10/ 1/2021	3,949.68
10/ 1/2022	3,949.68
10/ 1/2023	3,949.68
10/ 1/2024	3,949.68
10/ 1/2025	3,949.68
10/ 1/2026	3,949.68
	<hr/>
	150,088.00

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: KBHARP, 10-DEC-86, EBW

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

12/16/86
HARP2-D

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 622-2676

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

CHARLESTON

CHARLES W. YEAGER
CARL F. STUCKY, JR.
OTIS L. O'CONNOR
WAYNE A. SINCLAIR
JAMES R. WATSON
DANIEL R. SCHUDA
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
MARTIN R. SMITH, JR.

OF COUNSEL

ROBERT W. LAWSON, JR.
EDWARD W. EARDLEY
EUGENE G. EASON

WRITER'S DIRECT DIAL NUMBER

CLARKSBURG

RALPH BOHANNON
ERNEST C. SWIGER
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. CALEOTA
GORDON H. CORLAND
RANDALL C. LIGHT
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE

December 19, 1986

Town of Harpers Ferry
Water Revenue Bonds, Series 1986 A

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

Gentlemen:

We are bond counsel to the Town of Harpers Ferry (the "Governmental Agency"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 31, 1986, including all schedules and exhibits thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated December 19, 1986 (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$611,912, originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1987, at the rate of 8.38% per annum, and with principal installments payable on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new

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waterworks facilities of the Governmental Agency (the "Project") (ii) paying interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately six months thereafter; (iii) funding a reserve account for the Bonds; and (iv) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Governmental Agency on November 24, 1986 (and the resolution duly adopted by the Governmental Agency on December 16, 1986, collectively, the "Local Act") pursuant to which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the gross revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the gross revenues of said System, on a parity with the Governmental Agency's Water Revenue Bonds, Series 1986 C, of even date and issued concurrently herewith in the aggregate principal amount of \$88,000, all in accordance with the terms of the Local Bonds and the Local Act, and the Local Bonds have been duly issued and delivered to the Authority.

6. The Local Bonds are, under the Local Statute, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. Under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is exempt from federal income taxation; provided that, under the Internal Revenue Code of 1986 (the "Code"), interest is includable in the financial statement income or the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax and the environmental tax that may be imposed upon such corporation.

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Steptoe & Johnson", written in dark ink.

STEPTOE & JOHNSON



STEPTOE & JOHNSON

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December 19, 1986

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Town of Harpers Ferry Water Revenue Bonds, Series 1986 B

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

Gentlemen:

We are bond counsel to the Town of Harpers Ferry (the "Governmental Agency"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a supplemental loan agreement, dated July 31, 1986, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of supplemental, subordinate revenue bonds of the Governmental Agency, dated December 19, 1986 (the "Supplemental Bonds"), to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are in the principal amount of \$150,088, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1989 through 2026, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated July 31, 1986, between the Governmental Agency and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1986 A" (the "Local Bonds"), and to the Governmental Agency's Water

Revenue Bonds, Series 1986 C, in the aggregate principal amount of \$88,000 (the "Series C Bonds"), issued pursuant to a separate ordinance of the Governmental Agency which Local Bonds and Series C Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of new waterworks facilities of the Governmental Agency (the "Project"), (ii) funding a reserve account for the Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Governmental Agency on November 24, 1986 (and the resolution duly adopted by the Governmental Agency on December 16, 1986, collectively, the "Local Act") pursuant to which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

4. The Governmental Agency has legally and effectively enacted and adopted the Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Supplemental Bonds.

5. The Supplemental Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the gross revenues of the System referred to in the Local Act and secured by a lien on and pledge of the gross revenues of said System, junior and subordinate only to that created for the Local Bonds, and the Series C Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority.

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

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

Please be further advised that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Local Act and the Loan Agreement may be subject to remedies with respect to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights (to the extent constitutionally applicable) and that the enforcement thereof may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,


STEPTOE & JOHNSON

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