

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue
Bonds, Series 1987

Closing: November 20, 1987

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TRANSCRIPT OF PROCEEDINGS

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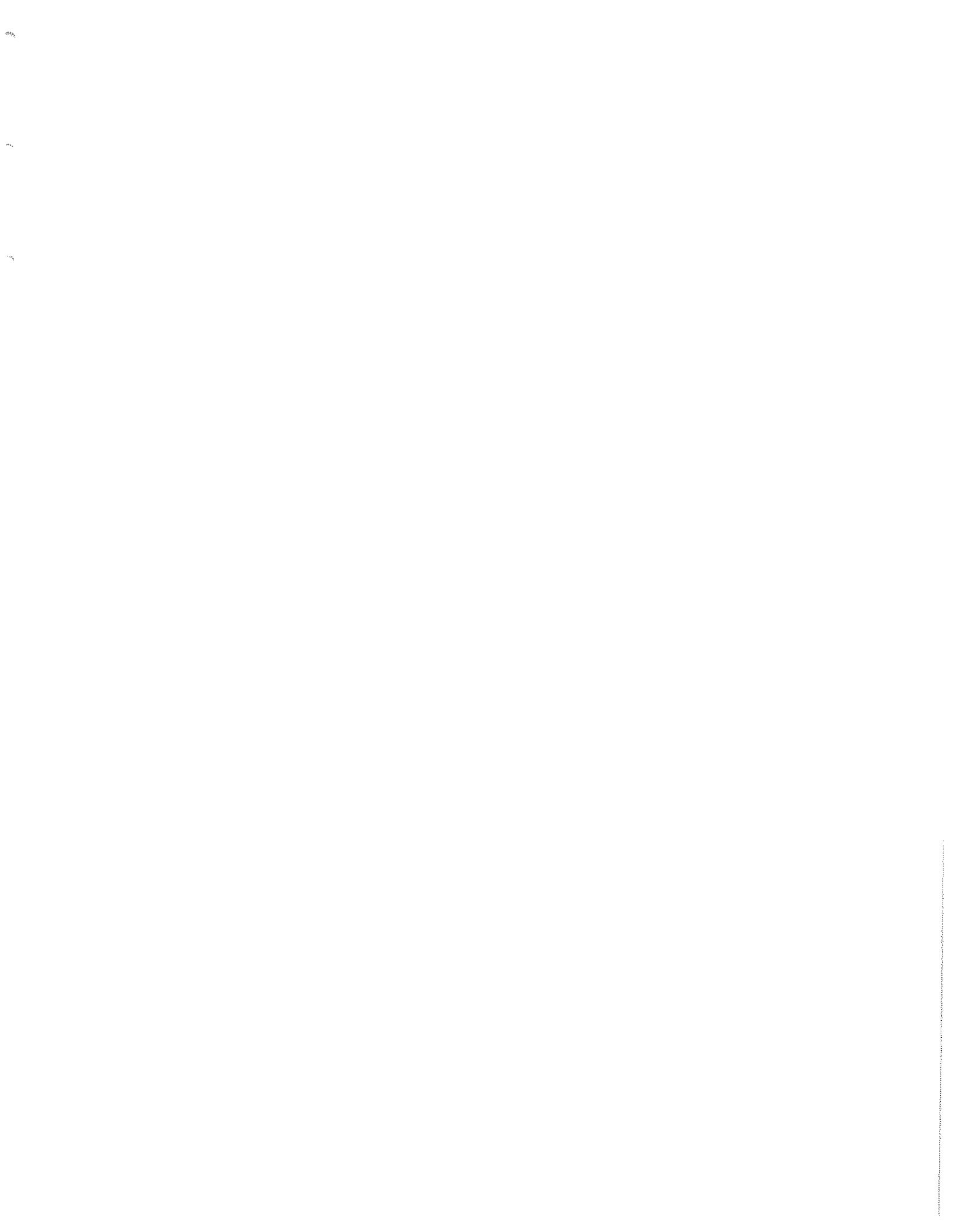
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CERTIFICATE

I, Ken Heckler, Secretary of State of the State of West Virginia, hereby certify that

ATTACHED IS A TRUE COPY OF THE WEST VIRGINIA CODE, CHAPTER 8, ARTICLE 19, "MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS", AND THE 1987 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, CHAPTER 8, ARTICLE 19, AS INDICATED BY THE RECORDS OF MY OFFICE.

Given under my hand and the Great Seal of the State of West Virginia, on this

Eighteenth day of
November 1987



Ken Heckler
Secretary of State

method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds or the alternative methods of financing under the provisions of this article and no publication of any resolution, ordinance, notice or proceeding relating to any such undertaking or to the issuance or sale of such bonds or the alternative methods of financing shall be required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the state department of health shall remain unaffected by this article.

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1978, c. 72; 1986, 1st Ex. Sess., c. 18.)

Effect of amendment of 1986. — The alternative methods of financing" following amendment, effective May 18, 1986, added "repairs, maintenance or operation of or" following "betterments, improvements,"; added "or

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

Sec. 8-20-1b. Severance of combined system.

Part III. Revenue Bond Financing.

8-20-12. Use of revenues; sinking fund.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1b. Severance of combined system.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined waterworks and sewerage system if the following conditions are met:

(a) An ordinance is enacted by the governing body of the municipality severing the combined waterworks and sewerage system into a separate waterworks system and a separate sewerage system.

(b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage system is not effective until all such outstanding revenue bonds or notes or other

obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and (ii) the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined waterworks and sewerage system is under the supervision and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

PART III. REVENUE BOND FINANCING.

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined waterworks and sewerage system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118.)

Moreover, the validity and enforcement of the assessments in this article provided shall not be impaired by the issuance and sale of bonds, as provided in article one [§ 13-1-1 et seq.] of chapter thirteen of this Code, for the same improvements, nor by the application, in whole or in part, of the proceeds of any such bond issue to the cost of any such improvement prior to collection of said assessments. (1949, c. 89; 1959, c. 122; 1969, c. 86.)

§ 8-18-21. Cumulative authority.

The power and authority herein granted shall be in addition to and not in derogation of any power and authority vested in any municipality under any constitutional, statutory or charter provisions which may now or hereafter be in effect. (1969, c. 86.)

PART XII. CONNECTION TO SEWERS; BOARD OF HEALTH.

§ 8-18-22. Connection to sewers; board of health.

The owner or owners of any lot or parcel of land abutting on any street, alley, public way or easement in any municipality on which a public sewer is now located or may hereafter be constructed and laid (whether constructed and laid under the provisions of this article or any other provisions of law) upon which lot or parcel of land any business or residence building is now located or may hereafter be erected, not connected with a public sewer, may be required and compelled by the board of health to connect any such building with such sewer. Notice so to connect may be given by the board of health either to the owner, lessee or occupant of such building. Each day's failure to comply with such notice and connect with such sewer by such owner or owners, after ten days from the giving of such notice, shall be a misdemeanor and a separate and new offense under this section, and each such offense shall be punishable by a fine of not less than five nor more than twenty-five dollars. Jurisdiction to hear, try, determine and sentence for any violation of this section is hereby vested in the police or municipal court thereof, or, where no police court exists, in the mayor thereof. (1908, c. 8, § 3; Code 1923, c. 47, § 49c(3); 1969, c. 86.)

Cross reference. — As to control over sewers by department of health, see § 16-1-9.

ARTICLE 19.

MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS.

Part I. Municipal Waterworks and Electric Power Systems Authorized; Definition.	Sec.	municipal electric power systems; extension beyond corporate limits; definitions.
Sec. 8-19-1. Acquisition and operation of municipal waterworks systems; construction of improvements to	Part II. Limitations on Sale or Lease of Certain Municipal Waterworks.	
	8-19-2. [Repealed.]	

MUNICIPAL CORPORATIONS

Part III. Right of Eminent Domain.

Sec.

8-19-3. Right of eminent domain; limitations.

Part IV. Revenue Bond Financing.

8-19-4. Estimate of cost; ordinance for issuance of revenue bonds; interest on bonds; rates for services.

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Part V. Grants, Loans and Advances; Cumulative Authority.

8-19-17. Grants, loans and advances.

8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority.

Part VI. Operation by Board; Construction.

8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system.

8-19-20. Article to be liberally construed.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Michie's Jurisprudence. — For general discussion of municipal waterworks, see 20 M.J., Water Companies and Waterworks, §§ 6, 7.

Legislative intent. — The purpose of this article is to allow a municipality to create a waterworks or electric power system. It is clear that the legislature desired that the municipality be allowed to borrow for the system so long as the municipality itself was not obligated for the debt. Allowing the municipality to make grants from time to time to its utility systems does not circumvent legislative intention provided that the municipality does not borrow the money to make the grant. Op. Att'y Gen., April 3, 1979.

It appears clear the legislature recognized the need for municipal utility systems; how-

ever, it did not wish the municipality to become generally obligated for the building or acquisition of the system. Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

Action under this article is discretionary with the municipality. Hinkle v. Town of Franklin, 118 W. Va. 585, 191 S.E. 291 (1937).

And a discretionary act may not ordinarily be controlled by mandamus. Hinkle v. Town of Franklin, 118 W. Va. 585, 191 S.E. 291 (1937).

Hence, mandamus does not lie to compel town to provide sufficient funds to pay for waterworks system. Hinkle v. Town of Franklin, 118 W. Va. 585, 191 S.E. 291 (1937).

PART I. MUNICIPAL WATERWORKS
AND ELECTRIC POWER SYSTEMS
AUTHORIZED; DEFINITION.

§ 8-19-1. Acquisition and operation of municipal waterworks systems; construction of improvements to municipal electric power systems; extension beyond corporate limits; definitions.

Subject to and in accordance with the provisions of this article, any municipality may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system, or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: Provided, that such municipality shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system 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.

When used in this article, the term "electric power system" means a system or facility which produces electric power in its entirety or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful or convenient or incidental in connection with or to an electric power supply system. (1933, Ex. Sess., c. 26, § 1; 1937, c. 52; 1939, c. 97; 1949, c. 90; 1955, c. 133; 1969, c. 86; 1978, c. 72; 1983, c. 151.)

Cross reference. — For acquisition and operation of combined waterworks and sewerage systems, see §§ 8-20-1 et seq.

Effect of amendment of 1983. — The amendment, in the first paragraph, deleted "within the corporate limits of said municipality and within the area extending twenty miles beyond the corporate limits of such

municipality" preceding "notwithstanding any provision or limitation to the contrary" and inserted "other" preceding "law or charter: Provided."

ALR reference. — Right to compel municipality to extend its water system, 45 ALR 829; 48 ALR2d 1222.

PART II. LIMITATIONS ON SALE OR LEASE OF
CERTAIN MUNICIPAL WATERWORKS.

§ 8-19-2.

Repealed by Acts 1974, c. 78.

PART III. RIGHT OF EMINENT DOMAIN.

§ 8-19-3. **Right of eminent domain; limitations.**

For the purpose of acquiring, constructing, establishing or extending any waterworks system, or for the purpose of constructing any additions, betterments or improvements to any waterworks or electric power system, or for the purpose of acquiring any property necessary, appropriate, useful, convenient or incidental for or to any waterworks or electric power system, under the provisions of this article, the municipality shall have the right of eminent domain as provided in chapter fifty-four [§ 54-1-1 et seq.] of this Code: Provided, that such right of eminent domain for the acquisition of a complete privately owned waterworks system shall not be exercised without prior approval of the public service commission, and in no event shall any municipality construct, establish or extend beyond the corporate limits of said municipality a municipal waterworks or electric power system under the provisions of this article to supply service in competition with an existing privately or municipally owned waterworks or electric power system in such municipality or within the proposed extension of such system, unless a certificate of public convenience and necessity therefor shall have been issued by the public service commission. Nothing herein shall prohibit a municipal electric power system from constructing, operating and maintaining electric generators or electric generating systems or electric transmission systems outside of said municipality and said electric generation systems shall not be under the jurisdiction of the public service commission. (1933, Ex. Sess., c. 26, § 9; 1937, c. 52; 1969, c. 86; 1978, c. 72; 1983, c. 151.)

Effect of amendment of 1983. — The amendment added the second sentence.

Statutes pertaining to eminent domain must be strictly construed. *City of Mullens v. Union Power Co.*, 122 W. Va. 179, 7 S.E.2d 870 (1940).

The words "without prior approval of the public service commission" appearing in this section, are not substantially different from the words "unless the consent and approval of the public service commission of West Virginia is first obtained," appearing in § 24-2-12. *Lockard v. City of Salem*, 127 W. Va. 237, 32 S.E.2d 568 (1944).

Municipality may acquire privately owned waterworks by eminent domain. — Nowhere in the statutes is a municipality or other corporate body politic authorized by statute, expressly or by necessary implication, to exercise the power of eminent domain for the acquisition of the property and assets of an operating utility as such, except the acquisition of privately owned waterworks systems, provided for by this section. *City of Mullens v. Union Power Co.*, 122 W. Va. 179, 7 S.E.2d 870 (1940).

PART IV. REVENUE BOND FINANCING.

§ 8-19-4. Estimate of cost; ordinance for issuance of revenue bonds; interest on bonds; rates for services.

Whenever a municipality shall, under the provisions of this article, determine to acquire, by purchase or otherwise, construct, establish, extend or equip a waterworks system, or to construct any additions, betterments or improvements to any waterworks or electric power system, it shall cause an estimate to be made of the cost thereof, and shall, by ordinance, provide for the issuance of revenue bonds under the provisions of this article, which ordinance shall set forth a brief description of the contemplated undertaking, the estimated cost thereof, the amount, rate or rates of interest, the time and place of payment, and other details in connection with the issuance of the bonds. Such bonds shall be in such form and shall be negotiated and sold in such manner and upon such terms as the governing body of such municipality may by ordinance specify. All such bonds and the interest thereon, and all properties and revenues and income derived from such waterworks or electric power system, shall be exempt from all taxation by this State, or any county, municipality, political subdivision or agency thereof. Such bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall be payable as to principal at such times, not exceeding forty years from their date, and at such place or places, within or without the State, as shall be prescribed in the ordinance providing for their issuance. Such ordinance shall also declare that a statutory mortgage lien shall exist upon the property so to be acquired, constructed, established, extended or equipped, fix minimum rates or charges for water to be collected prior to the payment of all of said bonds and shall pledge the revenues derived from the waterworks or electric power system for the purpose of paying such bonds and interest thereon, which pledge shall definitely fix and determine the amount of revenues which shall be necessary to be set apart and applied to the payment of the principal of and interest upon the bonds and the proportion of the balance of such revenues, which are to be set aside as a proper and adequate depreciation account, and the remainder shall be set aside for the reasonable and proper maintenance and operation thereof. The rates or charges to be charged for the services from such waterworks or electric power system shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electric power system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in the ordinance authorizing the issuance of said bonds. (1933, Ex. Sess., c. 26, § 3; 1933, 2nd Ex. Sess., c. 49; 1955, c. 133; 1969, c. 86; 1970, c. 7; 1978, c. 72; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 8-19-5. Publication of abstract of ordinance and notice; hearing.

After the ordinance for any project under this article has been adopted, an abstract of the ordinance, determined by the governing body to contain sufficient information as to give notice of the contents of such ordinance, together with the following described notice, shall be published as a Class II legal advertisement in compliance with the provisions of article three [§ 59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be such municipality. The notice to be published with said abstract of the ordinance shall state that said ordinance has been adopted, that the municipality contemplates the issuance of the bonds described in the ordinance, that any person interested may appear before the governing body, upon a certain date, which shall be not less than ten days subsequent to the date of the first publication of such abstract and notice and which shall not be prior to the date of the last publication of such abstract and notice, and present protests, and that a certified copy of the ordinance is on file with the governing body for review by interested parties during the office hours of the governing body. At such hearing all protests and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, that if at such hearing written protest is filed by thirty percent or more of the freeholders of the municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of said governing body assent thereto. (1933, Ex. Sess., c. 26, § 4; 1967, c. 105; 1969, c. 86; 1971, c. 103; 1981, 1st Ex. Sess., c. 2.)

§ 8-19-6. Amount, negotiability and execution of bonds.

Bonds herein provided for shall be issued in such amounts as may be necessary to provide sufficient funds to pay all costs of acquisition, construction, establishment, extension or equipment, including engineering, legal and other expenses, together with interest to a date six months subsequent to the estimated date of completion. Bonds issued under the provisions of this article are hereby declared to be negotiable instruments, and the same shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. Said bonds shall not be negotiated at a price lower than a price which when computed to maturity upon standard tables of bond values will show a net return of more than thirteen percent per annum to the purchaser upon the amount paid therefor. (1933, Ex. Sess., c. 26, § 5; 1933, 2nd Ex. Sess., c. 49, § 5; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 8-19-7. Bonds payable solely from revenues; not to constitute municipal indebtedness.

Bonds issued under the provisions of this article shall be payable solely from the revenues derived from such waterworks or electric power system, and such bonds shall not in any event constitute an indebtedness of such municipality within the meaning of any constitutional or statutory provision or limitation, and it shall be plainly stated on the face of each bond that the same has been issued under the provisions of this article, and that it does not constitute an indebtedness of such municipality within any constitutional or statutory provision or limitation. Subject to the provisions of subsection (b), section twelve [§ 8-19-12] of this article, the ordinance authorizing the issuance of the bonds may contain such covenants and restrictions upon the issuance of additional revenue bonds thereafter as may be deemed necessary or advisable for the assurance of payment of the bonds thereby authorized and as may thereafter be issued. (1933, Ex. Sess., c. 26, § 6; 1933, 2nd Ex. Sess., c. 49; 1969, c. 86; 1978, c. 72.)

§ 8-19-8. Lien of bondholders.

There shall be and there is hereby created and granted a statutory mortgage lien upon the waterworks or electric power system so acquired, constructed, established, equipped, extended or improved from the proceeds of bonds hereby authorized to be issued, which shall exist in favor of the holder of said bonds and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such waterworks or electric power system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality in acquiring an existing waterworks system or in improving an existing waterworks or electric power system may provide that payment therefor shall be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section six [§ 8-19-6] hereof. Any revenue bonds so issued in payment for such an existing waterworks or electric power system shall for all purposes be regarded as partaking of the nature of and as being secured by a purchase money mortgage upon the property so acquired or improved; and the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of purchase money mortgages. (1933, Ex. Sess., c. 26, § 7; 1933, 2nd Ex. Sess., c. 49; 1969, c. 86; 1978, c. 72.)

§ 8-19-9. Covenants with bondholders.

Any ordinance authorizing the issuance of bonds, hereunder, or any trust indenture with any banking institution or trust company within or without the State for the security of said bonds, which any such municipality is hereby empowered and authorized to enter into and execute, may contain covenants with the holders of such bonds as to:

(a) The purpose or purposes to which the proceeds of sale of such bonds or the revenues derived from said waterworks or electric power system may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depository for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, control or operation of such waterworks or electric power system, including any part thereof heretofore or hereafter acquired, constructed, established, extended or equipped or derived from any other sources, to the payment of the principal of or interest thereon of bonds issued hereunder and for such reserve or other funds as may be deemed necessary or desirable;

(c) The fixing, establishing and collecting of such rates or charges for the use of the services and facilities of the waterworks or electric power system, including the parts thereof heretofore or hereafter acquired, constructed, established, extended or equipped and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of repair, maintenance and operation of such waterworks or electric power system, the payment of the principal of and interest upon all bonds or other obligations payable from the revenues of such waterworks or electric power system, and all reserve and other funds required by the terms of the ordinance authorizing the issuance of such bonds;

(d) The transfer from the general funds of the municipality to the account or accounts of the waterworks or electric power system of an amount equal to the cost of furnishing the municipality or any of its departments, boards or agencies with the services and facilities of such waterworks or electric power system;

(e) Subject to the provisions of subsection (b), section twelve [§ 8-19-12] of this article, limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenues of such waterworks or electric power system, and the rank or priority, as to lien and source and security for payment from the revenues of such waterworks or electric power system, between bonds payable from such revenues;

(f) The manner and terms upon which all bonds and other obligations issued hereunder may be declared immediately due and payable upon the happening of a default in the payment of the principal of or interest thereon, or in the performance of any covenant or agreement with bondholders, and the manner and terms upon which such defaults may be declared cured and the acceleration of the maturity of such bonds rescinded and repealed;

(g) Budgets for the annual repair, maintenance and operation of such waterworks or electric power system and restrictions and limitations upon expenditures for such purposes, and the manner of adoption, modification, repeal or amendment thereof, including the approval of such budgets by consulting engineers designated by holders of bonds issued hereunder;

(h) The amounts of insurance to be maintained upon such waterworks or electric power system, or any part thereof, and the use and disposition of the proceeds of any insurance; and

(i) The keeping of books of account, relating to such undertakings and the audit and inspection thereof, and the furnishing to the holders of bonds issued

hereunder or their representatives, reports prepared, certified or approved by accountants designated or approved by the holders of bonds issued hereunder.

Any such ordinance or trust indenture may also contain such other additional covenants as shall be deemed necessary or desirable for the security of the holders of bonds issued hereunder, notwithstanding that such other covenants are not expressly enumerated above, it being the intention hereof to grant to municipalities plenary power and authority to make any and all covenants or agreements necessary in order to secure greater marketability for bonds issued hereunder as fully and to the same extent as such covenants or agreements could be made by a private corporation rendering similar services and facilities and to grant to municipalities full and complete power and authority to enter into any contracts, covenants or agreements with holders of bonds issued hereunder not inconsistent with the Constitution of this State. (1955, c. 133; 1969, c. 86; 1978, c. 72.)

§ 8-19-10. Operating contract.

Any such municipality may enter into contracts or agreements with any persons for (1) the repair, maintenance and operation and management of the facilities and properties of said waterworks or electric power system, or any part thereof, or (2) the collection and disbursement of the income and revenues therefor, or for both (1) and (2), for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons. Any such municipality shall have plenary power and authority to provide in the ordinance authorizing the issuance of bonds hereunder, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the municipality as long as any of said bonds, or interest thereon, is outstanding and unpaid. (1955, c. 133; 1969, c. 86; 1978, c. 72.)

§ 8-19-11. Rates or charges for water and electric power must be sufficient to pay bonds, etc.; disposition of surplus.

Rates or charges for water fixed precedent to the issuance of bonds shall not be reduced until all of said bonds shall have been fully paid, and may, whenever necessary, be increased in amounts sufficient to provide for the payment of the principal of and interest upon such bonds, and to provide proper funds for the depreciation account and repair, maintenance and operation charges. If any surplus shall be accumulated in the repair, maintenance and operation fund which shall be in excess of the cost of repairing, maintaining and operating the waterworks or electric power system during the remainder of the fiscal year then current, and the cost of repairing, maintaining and operating the said waterworks or electric power system during the fiscal year then next ensuing, then any such excess may be transferred to either the depreciation account or to the bond and interest redemption account, and if any surplus shall be accumulated in the depreciation account over and above that

which the municipality shall find may be necessary for the probable replacements which may be needed during the then present fiscal year, and the next ensuing fiscal year, such excess may be transferred to the bond and interest redemption account, and if any surplus shall exist in the bond and interest redemption account the same shall be applied insofar as possible in the purchase or retirement of outstanding revenue bonds payable from such account. (1933, Ex. Sess., c. 26, § 8; 1969, c. 86; 1978, c. 72.)

§ 8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus.

(a) Every municipality issuing bonds under the provisions of this article shall thereafter, so long as any of such bonds remain outstanding, repair, maintain and operate its waterworks or electric power system as hereinafter provided and shall charge, collect and account for revenues therefrom as will be sufficient to pay all repair, maintenance and operation costs, provide a depreciation fund, retire the bonds and pay the interest requirements of the bonds as the same become due. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the waterworks or electric power system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the state sinking fund commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued. The bonds hereby authorized shall be issued in such amounts as may be determined necessary to provide funds for the purpose for which they are authorized, and in determining the amount of bonds to be issued it shall be proper to include interest on the bonds for a period not beyond six months from the estimated date of completion.

(b) If the proceeds of the bonds, because of error or otherwise, shall be less than the cost of the property or undertaking for which authorized, additional bonds may be issued to provide the amount of such deficit and such additional bonds shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority over the bonds first authorized and issued.

(c) If the proceeds of the bonds shall exceed the cost of the property or undertaking, the surplus shall be converted into the fund for the retirement of the bonds and payment of the interest thereon. (1933, Ex. Sess., c. 26, § 11; 1969, c. 86; 1978, c. 72.)

§ 8-19-13. Discontinuance of water or electric power service for nonpayment of rates or charges.

Any such municipality shall also have plenary power and authority, and may covenant with the holders of any bonds issued hereunder, to shut off and discontinue the supplying of the water or electric power service of said

waterworks or electric power system for the nonpayment of the rates or charges for said water or electric power service. (1955, c. 133; 1969, c. 86; 1978, c. 72.)

§ 8-19-14. Bonds for additions, betterments and improvements.

Whenever any municipality shall now or hereafter own and operate a waterworks or electric power system, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and shall desire to construct additions, betterments or improvements thereto, it may issue revenue bonds under the provisions of this article to pay for the same, and the procedure therefor, including the fixing of rates or charges and the computation of the amount thereof, and the power and authority in connection therewith, shall be the same as in this article provided for the issuance of bonds for the acquisition, construction, establishment, extension or equipment of a waterworks system in a municipality which has not heretofore owned and operated a waterworks system: Provided, that nothing in this article shall be construed as authorizing any municipality to impair or commit a breach of the obligation of any valid lien or contract created or entered into by it, the intention being to authorize the pledging, setting aside and segregation of such revenues for the construction of such additions, betterments or improvements only where and to the extent consistent with outstanding obligations of such municipality, and in accordance with the provisions of this article. (1933, Ex. Sess., c. 26, § 10; 1933, 2nd Ex. Sess., c. 49; 1969, c. 86; 1978, c. 72.)

§ 8-19-15. System of accounts; audit.

Any municipality operating a waterworks or electric power system under the provisions of this article shall set up and maintain a proper system of accounts in accordance with the requirements of the public service commission, showing the amount of revenues received from such waterworks or electric power system and the application of the same. At least once each year such municipality shall cause such accounts to be properly audited, and a report of such audit shall be open to the public for inspection at all reasonable times. (1939, c. 98, § 10; 1969, c. 86; 1978, c. 72.)

§ 8-19-16. Protection and enforcement of rights of bondholders, etc.; receivership.

Any holder of any bonds issued under the provisions of this article or of any coupons representing interest accrued thereon may by civil action, mandamus or other proper proceeding enforce the statutory mortgage lien created and granted in section eight [§ 8-19-8] of this article, protect and enforce any and all rights granted hereunder or under any such ordinance or trust indenture, and may enforce and compel performance of all duties required by the provisions of this article or by any such ordinance or trust indenture to be performed by the municipality, or by the governing body or any officer, including the making and collecting of reasonable and sufficient rates or charges for services

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rendered by the waterworks or electric power system. If there be default in the payment of the principal of or interest upon any of such bonds, or of both principal and interest, any court having jurisdiction shall appoint a receiver to administer said waterworks or electric power system on behalf of the municipality, and the bondholders or trustee, or both, with power to charge and collect rates or charges sufficient to provide for the retirement of the bonds and pay the interest thereon, and for the payment of the repair, maintenance and operation expenses, and such receiver shall apply the revenues in conformity with the provisions of this article and the ordinance pursuant to which such bonds have been issued or any trust indenture, or both. (1933, Ex. Sess., c. 26, § 12; 1969, c. 86; 1978, c. 72.)

Rules of Civil Procedure. — As to receivers, see Rule 66, appearing in Volume 1A.

PART V. GRANTS, LOANS AND ADVANCES; CUMULATIVE
AUTHORITY.

§ 8-19-17. Grants, loans and advances.

Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of waterworks systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said waterworks system or electric power system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 105; 1969, c. 86; 1978, c. 72; 1981, 1st Ex. Sess., c. 2.)

§ 8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority.

This article shall, without reference to any other statute or charter provision, be deemed full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to a waterworks system or for the construction of any additions, betterments or improvements to an existing electric power system as herein provided and for the issuance and sale of the bonds by this article authorized, and shall be construed as an additional and alternative method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds under the provisions of this article and no publication of any resolution, ordinance, notice or proceeding relating to any such undertaking or to the issuance or sale of such bonds shall be required, except as prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, that all functions, powers and duties of the state department of health shall remain unaffected by this article.

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1978, c. 72.)

PART VI. OPERATION BY BOARD; CONSTRUCTION.

§ 8-19-19. Alternative procedure for acquisition, construction or improvement of waterworks or electric power system.

As an alternative to the procedures hereinabove provided, any municipality is hereby empowered and authorized to acquire, construct, establish, extend, equip, repair, maintain and operate a waterworks system or to construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, whether acquired, constructed, established, extended or equipped under the provisions of this article or not, and to collect the revenues therefrom for the services rendered thereby, through the supervision and control of a committee, by whatever name called, composed of all or a portion of the governing body, or of a board or commission appointed by such governing body, as may be provided by the governing body, and if such alternative is followed, said committee, board or commission shall have and be limited to all the powers, authority and duties granted to and imposed upon a board as provided in article sixteen [§ 8-16-1 et seq.] of this chapter. (1961, c. 104; 1969, c. 86; 1978, c. 72.)

§ 8-19-20. Article to be liberally construed.

This article is necessary for the public health, safety and welfare and shall be liberally construed to effectuate its purposes. (1933, Ex. Sess., c. 26, § 14; 1969, c. 86.)

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

- Sec.
- 8-20-1. Acquisition and operation of combined waterworks and sewerage systems; extension beyond corporate limits; definitions.
- 8-20-1a. Cooperation with other governmental units.

Part II. Right of Eminent Domain.

- 8-20-2. Right of eminent domain; limitations.

Part III. Revenue Bond Financing.

- 8-20-3. Ordinance describing project; contents.
- 8-20-4. Publication of abstract of ordinance and notice; hearing.
- 8-20-5. Amount, negotiability and execution of bonds; refund of outstanding obligations or securities by sale or exchange of bonds.
- 8-20-6. Bonds payable solely from revenues; not to constitute municipal indebtedness.
- 8-20-7. Lien of bondholders.
- 8-20-8. Covenants with bondholders.
- 8-20-9. Operating contract.
- 8-20-10. Power and authority of municipality to enact ordinances and make rules and regulations and fix rates

Sec.

- or charges; change in rates or charges; delinquent rates or charges as liens; civil action for recovery thereof.
- 8-20-11. Discontinuance of water service for nonpayment of rates or charges.
- 8-20-12. Use of revenues; sinking fund.
- 8-20-13. System of accounts; audit.
- 8-20-14. Repair and maintenance of municipal sewerage system outside corporate limits.
- 8-20-15. Protection and enforcement of rights of bondholders, etc.; receivership.

Part IV. Grants, Loans and Advances; Cumulative Authority.

- 8-20-16. Grants, loans and advances.
- 8-20-17. Additional and alternative method for constructing, etc., and financing combined waterworks and sewerage system; cumulative authority.

Part V. Operation by Board; Construction.

- 8-20-18. Alternative procedure for acquisition, construction, etc., of combined waterworks and sewerage system.
- 8-20-19. Article to be liberally construed.

Revision of chapter. — See note under the same catchline at the beginning of this chapter.

Legislative intent. — It appears clear that the legislature recognized the need for municipal utility systems; however, it did not wish the municipality to become generally obligated for the building or acquisition of the system.

Financing is provided for primarily by revenue bonds, and bondholders are assured of a safe investment through the collection of sufficient user charges to service the bonds and maintain the assets of the system. Op. Att'y Gen., April 3, 1979.

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PART III. GENERAL POWERS AND AUTHORITY.

§ 8-16-7. Ordinance for construction, etc., of works.

Stated in *City of Fairmont v. Investors Syndicate of Am., Inc.*, 307 S.E.2d 467 (W. Va. 1983).

PART IV. RIGHT OF EMINENT DOMAIN.

§ 8-16-9. Bonds for improvements, etc., of works.

Cited in *City of Fairmont v. Investors Syndicate of Am., Inc.*, 307 S.E.2d 467 (W. Va. 1983).

PART V. REVENUE BOND FINANCING.

§ 8-16-12. Interest rate and life of bonds; redemption; how payable; form, denominations, etc.; additional bonds authorized; interim certificates.

Requiring early redemption prohibited. — A city has no authority to establish a scheme requiring early redemption, thereby eliminating its option either to call bonds early or not to do so. *City of Fairmont v. Investors Syndicate of Am., Inc.*, 307 S.E.2d 467 (W. Va. 1983).

PART VI. IMPOSITION OF RATES OR CHARGES.

§ 8-16-18. Rates or charges for services rendered by works.

Cited in *Perdue v. Ferguson*, 350 S.E.2d 555 (W. Va. 1986).

PART VII. ACCOUNTING SYSTEM AND RECORDS.

§ 8-16-20. Accounting system; yearly audit; custodian of funds.

Stated in *City of Fairmont v. Investors Syndicate of Am., Inc.*, 307 S.E.2d 467 (W. Va. 1983).

PART X. CONSTRUCTION; EXTRATERRITORIAL JURISDICTION.

§ 8-16-28. Reference to "municipal authorities" or "municipal authority" elsewhere in law to mean "governing body" for the purposes of this article only.

W. Va. Law Review. — Dobbs and Joslin, Development Bond Financing, 84 W. Va. L. Bankruptcy Preference Concerns in Industrial Rev. 573 (1982).

ARTICLE 19.

MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS.

Part I. Municipal Waterworks and Electric Power Systems Authorized; Definition. Sec.

8-19-1. Acquisition and operation of municipal waterworks systems; construction of improvements to municipal electric power systems; extension beyond corporate limits; definitions. Sec. curity agreements; priority of liens. amount of bonds; additional bonds; surplus.

Part V. Grants, Loans, Advances and Agreements; Cumulative Authority.

8-19-17. Grants, loans, advances and agreements. Sec.

8-19-4. Estimate of cost; ordinance for issuance of revenue bonds; interest on bonds; rates for services. Sec. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority. Sec. 8-19-6. Amount, negotiability and execution of bonds. Sec. 8-19-8. Lien of bondholders; deeds of trust; se-

PART I. MUNICIPAL WATERWORKS AND ELECTRIC POWER SYSTEMS AUTHORIZED; DEFINITION.

§ 8-19-1. Acquisition and operation of municipal waterworks systems; construction of improvements to municipal electric power systems; extension beyond corporate limits; definitions.

Subject to and in accordance with the provisions of this article, any municipality may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system, or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any provision or limitation to the contrary in any other law or charter: Provided, That such municipality shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system 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.

When used in this article, the term "electric power system" means a system or facility which produces electric power in its entirety or provides for the distribution of electric power for local consumption and use or for distribution and resale or any combination thereof, or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful or convenient or incidental in connection with or to an electric power supply system. (1933, Ex. Sess., c. 26, § 1; 1937, c. 52; 1939, c. 97; 1949, c. 90; 1955, c. 133; 1969, c. 86; 1978, c. 72; 1983, c. 151; 1986, c. 118; 1986, 1st Ex. Sess., c. 18.)

Effect of amendments of 1986. — Acts 1986, c. 118 amended this section to read as set out in the editor's note below. Acts 1986, 1st Ex. Sess., c. 18, in the last paragraph added: "or provides for the distribution of electric power for local consumption and use or for distribution and resale or any combination thereof."

Editor's note. — This section was amended twice in 1986, just in the Regular Session by c. 118 and later in the First Extraordinary Session by c. 18. Neither amendment referred to the other. The text of the session as amended by c. 18 (passed May 18, 1986 and effective May 18, 1986) is set out above. Chapter 118 (passed March 8, 1986 and effective June 6, 1986) amended the section to read: "Subject to and in accordance with the provisions of this article, any municipality may acquire, construct, establish, extend, equip, repair, maintain and operate, or lease to others for operation, a waterworks system, including acquisition of the municipal waterworks system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b (§ 8-20-1b), article twenty of this chapter, or construct, maintain and operate additions, betterments and improvements to an existing waterworks system or an existing electric power system, notwithstanding any

provision or limitation to the contrary in any other law or charter: Provided, That such municipality shall not serve or supply water facilities or electric power facilities or services within the corporate limits of any other municipality without the consent of the governing body of such other municipality.

When used in this article, the term "waterworks system" shall be construed to mean and include a waterworks system 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.

When used in this article, the term "electric power system" means a system or facility which produces electric power in its entirety or any integral part thereof, including, but not limited to, power lines and wires, power poles, guy wires, insulators, transformers, generators, cables, power line towers, voltage regulators, meters, power substations, machinery and all other facilities necessary, appropriate, useful, or convenient or incidental in connection with or to an electric power supply system."

PART IV. REVENUE BOND FINANCING.

§ 8-19-4. Estimate of cost; ordinance for issuance of revenue bonds; interest on bonds; rates for services.

Whenever a municipality shall, under the provisions of this article, determine to acquire, by purchase or otherwise, construct, establish, extend or equip a waterworks system, or to construct any additions, betterments or improvements to any waterworks or electric power system, it shall cause an estimate to be made of the cost thereof, and may, by ordinance, provide for the issuance of revenue bonds under the provisions of this article, which ordinance shall set forth a brief description of the contemplated undertaking, the estimated cost thereof, the amount, rate or rates of interest, the time and place of payment, and other details in connection with the issuance of the bonds. Such bonds shall be in such form and shall be negotiated and sold in such manner and upon such terms as the governing body of such municipality may by ordinance specify. All such bonds and the interest thereon, and all properties and revenues and income derived from such waterworks or electric power system, shall be exempt from all taxation by this state, or any county, municipality, political subdivision or agency thereof. Such bonds shall bear interest at a rate per annum set by the municipality, payable at such times, and shall be payable as to principal at such times, not exceeding fifty years from their date, and at such place or places, within or without the state, as shall be prescribed in the ordinance providing for their issuance. Unless the governing body of the municipality shall otherwise determine, such ordinance shall also declare that a statutory mortgage lien shall exist upon the property so to be acquired, constructed, established, extended or equipped, fix minimum rates or charges for water or electricity to be collected prior to the payment of all of said bonds and shall pledge the revenues derived from the waterworks or electric power system for the purpose of paying such bonds and interest thereon, which pledge shall definitely fix and determine the amount of revenues which shall be necessary to be set apart and applied to the payment of the principal of and interest upon the bonds and the proportion of the balance of such revenues, which are to be set aside as a proper and adequate depreciation account, and the remainder shall be set aside for the reasonable and proper maintenance and operation thereof. The rates or charges to be charged for the services from such waterworks or electric power system shall be sufficient at all times to provide for the payment of interest upon all bonds and to create a sinking fund to pay the principal thereof as and when the same become due, and reasonable reserves therefor, and to provide for the repair, maintenance and operation of the waterworks or electric power system, and to provide an adequate depreciation fund, and to make any other payments which shall be required or provided for in the ordinance authorizing the issuance of said bonds. (1933, Ex. Sess., c. 26, § 3; 1933, 2nd Ex. Sess., c. 49; 1955, c. 133; 1969, c. 86; 1970, c. 7; 1978, c. 72; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1984, c. 128; 1986, 1st Ex. Sess., c. 18.)

Effect of amendment of 1984. — The amendment substituted the present provisions relating to interest rate of bonds being set by the municipality for the former limitation of twelve percent.

Effect of amendment of 1986. — The amendment, effective May 18, 1986, in the first sentence substituted "may" for "shall" preceding

ing", by ordinance"; in the fourth sentence substituted "fifty years" for "forty years"; at the beginning of the fifth sentence added "Unless the governing body of the municipality shall otherwise determine," and further on added "or electricity" following "charges for water."

§ 8-19-6. Amount, negotiability and execution of bonds.

Bonds herein provided for shall be issued in such amounts as may be necessary to provide sufficient funds to pay all costs of acquisition, construction, establishment, extension or equipment, including engineering, legal and other expenses, together with interest to a date six months subsequent to the estimated date of completion. Bonds issued under the provisions of this article are hereby declared to be negotiable instruments, and the same shall be executed by the proper legally constituted authorities of the municipality, and be sealed with the corporate seal of the municipality, and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signatures shall nevertheless be valid and sufficient for all purposes the same as if they had remained in office until such delivery. All signatures on the bonds or coupons and the corporate seal may be mechanically reproduced if authorized in the ordinance authorizing the issuance of the bonds. (1933, Ex. Sess., c. 26, § 5; 1933, 2nd Ex. Sess., c. 49, § 5; 1969, c. 86; 1970, c. 7; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1984, c. 128.)

Effect of amendment of 1984. — The amendment deleted the former last sentence relating to negotiating bonds below a certain price level.

§ 8-19-8. Lien of bondholders; deeds of trust; security agreements; priority of liens.

Unless the governing body shall otherwise determine in the ordinance authorizing the issuance of bonds under this article, there shall be and there is hereby created and granted a statutory mortgage lien upon the waterworks or electric power system so acquired, constructed, established, equipped, extended or improved from the proceeds of bonds hereby authorized to be issued, which shall exist in favor of the holder of said bonds and each of them, and to and in favor of the holder of the coupons attached to said bonds, and such waterworks or electric power system shall remain subject to such statutory mortgage lien until payment in full of the principal of and interest upon said bonds.

Any municipality in acquiring an existing waterworks system or in improving an existing waterworks or electric power system may provide that financing therefor may be made by issuing revenue bonds and delivering the same at such prices as may be agreed upon within the limitations prescribed in section six [§ 8-19-6] hereof. Any revenue bonds so issued to provide financing for such an existing waterworks or for any improvements to an existing wa-

terworks or electric power system may be secured by a mortgage or deed of trust upon and security interest in the property so acquired or improved or any other interest of the municipality in property related thereto as determined by the municipality in the ordinance authorizing the issuance of such revenue bonds; and in such event the holders thereof shall have, in addition to any other remedies and rights prescribed by this article, such remedies and rights as may now or hereafter exist in law in the case of mortgages or deeds of trust on real property and security interests in personal property. Such mortgage or deed of trust, upon its recordation, shall have priority over all other liens or encumbrances, however created or arising, on the property covered by such mortgage or deed of trust, to the same extent and for the same amount as if the municipality were obligated to pay the full amount secured by such mortgage or deed of trust immediately upon the recordation of such mortgage or deed of trust and remained so obligated until the obligations secured are fully discharged. (1933, Ex. Sess., c. 26, § 7; 1933, 2nd Ex. Sess., c. 49; 1969, c. 86; 1978, c. 72; 1986, 1st Ex. Sess., c. 18.)

Effect of amendment of 1986. — The amendment, effective May 18, 1986, rewrote the section as set forth in the bound volume.

§ 8-19-12. Service charges; sinking fund; amount of bonds; additional bonds; surplus.

(a) Every municipality issuing bonds under the provisions of this article shall thereafter, so long as any of such bonds remain outstanding, repair, maintain and operate its waterworks or electric power system as hereinafter provided and shall charge, collect and account for revenues therefrom as will be sufficient to pay all repair, maintenance and operation costs, provide a depreciation fund, retire the bonds and pay the interest requirements of the bonds as the same become due. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the waterworks or electric power system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued. Provided, That payment of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. The bonds hereby authorized shall be issued in such amounts as may be determined necessary to provide funds for the purpose for which they are authorized, and in determining the amount of bonds to be issued it shall be proper to include interest on the bonds for a period not beyond six months from the estimated date of completion.

(b) If the proceeds of the bonds, because of error or otherwise, shall be less than the cost of the property or undertaking for which authorized, additional bonds may be issued to provide the amount of such deficit and such additional bonds shall be deemed to be of the same issue and shall be entitled to payment from the same fund without preference or priority over the bonds first authorized and issued.

(c) If the proceeds of the bonds shall exceed the cost of the property or undertaking, the surplus shall be converted into the fund thereon. (1933, Ex. Sess., c. 26, § 11; 1969, c. 86; 1978, c. 72; 1986, c. 118.)

Effect of amendment of 1986. — The added the proviso; and in (c) deleted "for the amendment in the third sentence in (a) substituted retirement of the bonds and payment of the interest "West Virginia municipal bond commission" preceding "thereon" at the end of the section" for "state sinking fund commission" and subsection.

PART V. GRANTS, LOANS, ADVANCES AND AGREEMENTS; CUMULATIVE AUTHORITY.

§ 8-19-17. Grants, loans, advances and agreements.

As an alternative to, or in conjunction with, the issuance of revenue bonds authorized by this article, any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, or otherwise enter into agreements, including, but not limited to, agreements of indemnity, assurance or guarantee with respect to, and for the purpose of financing part or all of, the cost of acquisition, construction, establishment, extension or equipment of waterworks systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from or with any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States of America or any agency, corporation or individual, which loans or temporary advances, including the interest thereon, or the municipality's financial obligations contained in such other agreements, which need not bear interest, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of or proceeds from the said waterworks system or electric power system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States of America or any private agency, corporation or individual or from any combination of such sources of payment, and may be secured in the manner provided in sections eight, nine and sixteen (§§ 8-19-8, 8-19-9 and 8-19-16) of this article to secure bonds issued under the provisions of this article, but shall not otherwise be subject to the requirements of sections eleven and twelve (§§ 8-19-11 and 8-19-12) of this article, and to enter into the necessary contracts and agreements to carry out the purposes hereof with

any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual.

In no event shall any such loan or temporary advance or agreement be a general obligation of the municipality and such loans or temporary advances or agreements, including the interest thereon, shall be paid solely from the sources specified in this section. (1961, c. 105; 1969, c. 86; 1978, c. 72; 1981, 1st Ex. Sess., c. 2; 1986, c. 118; 1986, 1st Ex. Sess., c. 18.)

Effect of amendments of 1986. — Acts 1986, c. 118 rewrote this section to read as set out in the editor's note below. Acts 1986, 1st Ex. Sess., c. 18 rewrote the section as it appeared in the bound volume.

Editor's note. — This section was amended twice in 1986, first in the Regular Session by c. 118 and later in the First Extraordinary Session by c. 18. Neither amendment referred to the other. The text of the section as amended by c. 18 (passed May 18, 1986 and effective May 18, 1986) as set out above. Chapter 118 (passed March 8, 1986 and effective June 6, 1986) amended the section to read: "Any municipality is hereby empowered and authorized to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of acquisition, construction, establishment, extension or equipment of waterworks systems and the construction of additions, betterments and improvements to existing waterworks systems or to existing electric power systems, and for the other purposes herein authorized, from any authorized agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary

advances, including the interest thereon, may be repaid out of the proceeds of bonds authorized to be issued under the provisions of this article, the revenues of the said waterworks system or electric power system or grants to the municipality from any agency of the state or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any agency of the state, the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loan or temporary advance may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

In no event shall any such loan or temporary advance be a general obligation of the municipality and such loans or temporary advances, including the interest thereon, shall be paid solely from the sources specified in this section."

County financing of municipal waterworks. — A county commission may finance the acquisition of a waterworks system by a municipality. Op. Att'y Gen., Apr. 1, 1986, No. 6.

§ 8-19-18. Additional and alternative method for constructing or improving and for financing waterworks or electric power system; cumulative authority.

This article shall, without reference to any other statute or charter provision, be deemed full authority for the acquisition, construction, establishment, extension, equipment, additions, betterment, improvement, repair, maintenance and operation of or to a waterworks system or for the construction of any additions, betterments, improvements, repairs, maintenance or operation of or to an existing electric power system as herein provided and for the issuance and sale of the bonds or the alternative methods of financing by this article authorized, and shall be construed as an additional and alternative

method therefor and for the financing thereof, and no petition, referendum or election or other or further proceeding with respect to any such undertaking or to the issuance or sale of bonds or the alternative methods of financing under the provisions of this article and no publication of any resolution, ordinance, notice or proceeding relating to any such undertaking or to the issuance or sale of such bonds or the alternative methods of financing shall be required, except as prescribed by this article, any provisions of other statutes of the state to the contrary notwithstanding: Provided, That all functions, powers and duties of the state department of health shall remain unaffected by this article.

This article shall be construed as cumulative authority for any undertaking herein authorized, and shall not be construed to repeal any existing laws with respect thereto. (1933, Ex. Sess., c. 26, § 13; 1969, c. 86; 1978, c. 72; 1986, 1st Ex. Sess., c. 18.)

Effect of amendment of 1986. — The alternative methods of financing" following amendment, effective May 18, 1986, added "re-sale of bonds" and "of such bonds", and made pairs, maintenance or operation of or" following other minor changes. ing "betterments, improvements,"; added "or

ARTICLE 20.

COMBINED WATERWORKS AND SEWERAGE SYSTEMS.

Part I. Combined Waterworks and Sewerage Systems Authorized; Definitions.

Sec.

8-20-1b. Severance of combined system.

Part III. Revenue Bond Financing.

8-20-12. Use of revenues; sinking fund.

Part IV. Grants, Loans and Advances; Cumulative Authority.

Sec.

8-20-16. Grants, loans and advances.

PART I. COMBINED WATERWORKS AND SEWERAGE SYSTEMS AUTHORIZED; DEFINITIONS.

§ 8-20-1b. Severance of combined system.

Any municipality which has combined its waterworks and sewerage system under the provisions of this article, or pursuant to provisions of any other law, may hereafter sever said combined waterworks and sewerage system if the following conditions are met:

- (a) An ordinance is enacted by the governing body of the municipality severing the combined waterworks and sewerage system into a separate waterworks system and a separate sewerage system.
- (b) If revenue bonds or notes or other obligations with a lien on or pledge of the revenues of said combined waterworks and sewerage system, or any part thereof, are outstanding, then the municipality must provide in said ordinance (i) that the severance of the combined waterworks and sewerage system is not effective until all such outstanding revenue bonds or notes or other

obligations with a lien on or pledge of the revenues of the system, or any part thereof, are paid and (ii) the method for paying said outstanding revenue bonds or notes or other obligations. For the purposes of this section, said municipality may provide for payment of said outstanding revenue bonds or notes or other obligations by:

(1) Depositing moneys and funds with the West Virginia municipal bond commission or in escrow with a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the state of West Virginia selected by the issuer to pay interest when due and to pay principal when due, whether at maturity or earlier redemption;

(2) Depositing securities with the municipal bond commission or said escrow trustee, the principal of and earnings on which will provide moneys sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption; or

(3) Depositing with the municipal bond commission or said escrow trustee any combination of the foregoing sufficient to pay interest when due and to pay principal when due, whether at maturity or earlier redemption.

(c) If the combined waterworks and sewerage system is under the supervising and control of a separate committee, board or commission, then the governing body of the municipality must provide for the dissolution of such committee, board or commission, and the creation of such other committees, boards or commissions as may be required by law. (1986, c. 118.)

PART III. REVENUE BOND FINANCING.

§ 8-20-12. Use of revenues; sinking fund.

All revenues derived from the operation of any combined waterworks and sewerage system under the provisions of this article shall be set aside as collected and used only for the purpose of paying the cost of repairing, maintaining and operating such system, providing an adequate reserve fund, an adequate depreciation fund, and paying the principal of and interest upon the revenue bonds issued by the municipality under the provisions of this article. The ordinance pursuant to which any such bonds are issued shall pledge the revenues derived from the combined waterworks and sewerage system to the purposes aforesaid and shall definitely fix and determine the amount of revenues which shall be necessary and set apart in a special fund for the bond requirements. The amounts as and when so set apart into said special fund for the bond requirements shall be remitted to the West Virginia municipal bond commission to be retained and paid out by said commission consistent with the provisions of this article and the ordinance pursuant to which such bonds have been issued: Provided, That payments of principal of and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the municipality directly to the United States of America or said agency or department thereof. (1939, c. 98, § 9; 1969, c. 86; 1986, c. 118.)



CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of The Charter of Moorefield.


Phyllis J. Sherman
Phyllis J. Sherman

Date: 11/20/87

PART I.

THE CHARTER.

Editor's note. --The Charter herein set out is as enacted by the legislature, Acts 1872, chapter 14, passed February 9, 1872, which amended and reenacted a prior Charter of the Town of Moorefield granted by the General Assembly of Virginia. Section catchlines, in most instances, have been amended by the editors and words in brackets, where appearing in the text, have been added for the purpose of clarity, and are not to be regarded as official. Similarly, the frontal section analysis has been added, which serves as a table of contents. Capitalization has been made uniform, and obvious typographical errors and misspelled words have been corrected; but no other changes have been made.

The Charter refers only to the "Town" of Moorefield; but attention is invited to section 8-1-3 of the Code of West Virginia which provides, in pertinent part, that every municipal corporation with a population in excess of two thousand but not in excess of ten thousand shall be a Class III city; and that transition from one to another class (in this case from a Class IV town to a Class III city) shall occur automatically when the requisite population qualification has been met, effective as of the effective date of the last preceding census taken by the United States or by the state. The 1970 federal census showed Moorefield to have a population of two thousand one hundred twenty-four.

The legislature, in its 1969 revision and consolidation of chapters 8 and 8A of the Code of West Virginia into a new chapter 8, recognized, in section 8-1-6, "that when the provisions of existing special legislative charters are compared with and are considered in the light of the provisions of this chapter [i. e. , the new chapter 8], there are five basic possibilities as to the relationship between such charter provisions and the provisions of this chapter, namely: (1) As to any particular charter provisions, such charter provisions may be inconsistent or in conflict with the pertinent provisions of this chapter; (2) although relating to the same subject matter and although not inconsistent or in conflict with any

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provisions of this chapter, certain charter provisions may be sufficiently different from pertinent provisions of this chapter as to indicate, as a matter of practical construction, that either the charter provisions or the provisions of this chapter, but not both, should be applicable; (3) although varying in certain respects, certain charter provisions may be similar to and in essential harmony with corresponding provisions of this chapter; (4) as to any particular charter provisions, there may be no counterpart of such provisions in this chapter; and (5) as to any provisions of this chapter, there may be no counterpart charter provisions."

Section 8-1-6, therefore, sets forth certain rules to be applied, in addition to the usual and ordinary rules of statutory construction, with respect to construction and applicability of legislative charters, and it is suggested that users of this city Code refer to W. Va. Code, § 8-1-6, in determining the present construction and applicability of any portion of the Moorefield Charter to any given situation.

- § 1. Corporate limits and boundaries.
- § 2. Municipal authorities, who together form common council.
- § 3. Municipal authorities constitute body corporate; corporate name; corporate powers generally.
- § 4. How corporate powers exercised by council.
- § 5. Certain officers--Appointment and tenure.
- § 6. Same--Dual office holding.
- § 7. Election, qualifications and terms of mayor, recorder and councilmen.
- § 8. First election of officers in 1872; annual elections.
- § 9. Qualifications of voters.
- § 10. Filling vacancy in office of mayor, recorder or councilman.
- § 11. Manner of voting; tie votes; determination of contested electors.
- § 12. Oath of office.
- § 13. When new council assumes office.
- § 14. Refusal of officer-elect to qualify for office vacates the office.
- § 15. Presiding officer of council; quorum.
- § 16. Journal of the council.
- § 17. Reading and correction of council minutes; recording of votes in council.
- § 18. Enumeration of some specific powers of the council.
- § 19. Exercise of powers of council by means of legislation; penalties for violations of ordinances; use of county jail.
- § 20. Subjects of annual tax levy.

- § 21. Licenses.
- § 22. Collection of municipal taxes, fines, levies and assessments.
- § 23. Tax liens on real estate.
- § 24. Council may prohibit shows.
- § 25. Powers, duties and compensation of mayor.
- § 26. Powers, duties and compensation of city recorder.
- § 27. Duties of city treasurer; payment of money from treasury; action against treasurer for failure in duty.
- § 28. Exemption of municipality from taxation for roads outside corporate limits; annual head tax on certain walks for street maintenance.
- § 29. Prior rights of municipality preserved.

Sec. 1. Corporate limits and boundaries.

The corporate limits and boundaries of the Town of Moorefield shall be as follows: Beginning at _____.

Editor's note.--The remainder of this section, being a metes and bounds description of the town as of February 5, 1872, is omitted as obsolete; some of the boundary markers therein mentioned are no longer in place, and the municipality has increased in area since 1872. A map showing the exact boundaries is to be prepared by the town and will be retained in the city office with a copy filed with the county clerk's office.

Sec. 2. Municipal authorities, who together form common council.

The municipal authorities of said town shall be a mayor, recorder and five councilmen, who together shall form a common council. (Acts 1872, ch. 14, § 2.)

For corresponding provisions of general law, see W. Va. Code, § 8-5-7.

Sec. 3. Municipal authorities constitute body corporate; corporate name; corporate powers generally.

The mayor, recorder and councilmen, so soon as they have been elected and qualified, as hereinafter provided, shall be a body corporate, by the name of "the Town of Moorefield," and shall have perpetual succession and a common seal, and by that name may sue and be sued, implead and be impleaded, may purchase and hold real estate necessary to enable them the better to discharge their duties, and needful for the good order, government and welfare of said town. (Acts 1872, ch. 14, § 3.)

For general law as to the general corporate powers of municipalities, see W. Va. Code, §§ 8-12-1 through 8-12-20. As to taxation and finance, see W. Va. Code, § 8-13-1 et seq.

Sec. 4. How corporate powers exercised by council.

All the corporate powers of said corporation shall be exercised by the said council or under their authority, except when otherwise provided. (Acts 1872, ch. 14, § 4.)

Sec. 5. Certain officers--Appointment and tenure.

There shall be a town sergeant, a treasurer and commissioner of the revenue appointed by the council, to continue in office at its pleasure, and perform the duties respectively as hereinafter prescribed, or may be required by the council. (Acts 1872, ch. 14, § 5.)

Editor's note.--The office of town sergeant is no longer filled. The duties of such office were specified in §§ 8-4-5 and 8-7-2 of prior chapter 8 of the Code of West Virginia, but the present chapter 8, enacted in 1969 as the "Municipal Code of West Virginia," makes no reference thereto, and the chief of police of Moorefield now performs the duties heretofore prescribed for the sergeant.

The office of commissioner of the revenue is no longer filled, and the duties of such office are now performed by the city treasurer. The office of commissioner of the revenue in West Virginia counties and municipalities was a carry-over from the Constitution and Code of Virginia.

Sec. 6. Same--Dual office holding.

The duties of the office of recorder, treasurer and commissioner of the revenue, may be discharged by the same person or otherwise, as the council from time to time may determine. (Acts 1872, ch. 14, § 6.)

Editor's note.--The office of commissioner of the revenue has been abolished. For further information see editor's note under § 5 of this Charter. For general law as to powers and duties of municipal recorders, see W. Va. Code, § 8-10-3. As to powers and duties of municipal treasurers, see W. Va. Code, §§ 8-13-15, 8-13-16.

Sec. 7. Election, qualifications and term of mayor, recorder and councilmen.

The mayor, recorder and councilmen, shall be elected for the term of one year. They shall hold their offices until their successors are elected and quali-

fied, and no one shall be eligible to either of said offices who is not a resident of said town, and qualified to vote for its common council. (Acts 1872, ch. 14, § 7.)

Editor's note.-- The mayor, city recorder and councilmen are now elected biennially, on the first Tuesday in June of the odd-numbered years, and they assume office on the first day of July following their election.

For general law as to regular election and terms of municipal officers, see W. Va. Code, §§ 8-5-5, 8-5-7, subsec. (b), 8-5-9. As to qualifications of municipal mayors, recorders and councilmen, see W. Va. Code, § 8-5-7, subsec. (c).

Sec. 8. First election of officers in 1872; annual elections.

Editor's note.-- The text of this section, being Acts 1872, ch. 14, § 8, is omitted as obsolete. The mayor, city recorder and councilmen are now elected biennially each odd-numbered year.

For general law as to regular election and terms of municipal officers, see W. Va. Code, §§ 8-5-5, 8-5-7, subsec. (b), 8-5-9.

Sec. 9. Qualifications of voters.

All persons resident in said town, and entitled to vote for county and township officers shall be entitled to vote for mayor, recorder and councilmen. (Acts 1872, ch. 14, § 9.)

For general law as to qualifications of voters, see W. Va. Code, § 3-1-3.

Sec. 10. Filling vacancy in office of mayor, recorder or councilman.

When a vacancy shall occur, from any cause, in the office of mayor, recorder or council, the vacancy shall be filled by appointment by the council. (Acts 1872, ch. 14, § 10.)

For general law as to filling vacancies in elective municipal offices, see W. Va. Code, § 8-5-10.

Sec. 11. Manner of voting; tie votes; determination of contested elections.

At all elections the vote shall be by ballot, and when two or more persons for the same office, at any election shall receive an equal number of votes, the person or persons conducting such election shall decide by lot which of said

persons shall be returned elected. And all contested elections shall be heard and determined by the council for the time being. (Acts 1872, ch. 14, § 11.)

For similar provisions of general law as to voting by ballot, see W. Va. Code, § 3-1-4. For similar provisions of general law as to tie votes, see W. Va. Code, § 8-5-15. For similar provisions of general law as to determination of contested elections, see W. Va. Code, § 8-5-17.

Sec. 12. Oath of office.

The mayor, recorder, councilmen, sergeant, treasurer and commissioner of the revenue shall each, before entering upon the duties of their office, and within ten days after being furnished with a certificate of his election, take and subscribe an oath that they will truly, faithfully and impartially discharge the duties of their said offices, respectively, to the best of their abilities so long as they shall continue therein. The recorder shall take such oath or affirmation before a justice, or other officer authorized to administer oaths, and thereupon he shall administer the oath aforesaid to the other officers and councilmen. Certificates of the said oaths or affirmation shall be recorded in the journal of the proceedings of the council. (Acts 1872, ch. 14, § 12.)

Editor's note. -- The offices of sergeant and commissioner of the revenue are no longer filled in Moorefield; see editor's note under § 5 of this Charter; and the office of justice of the peace has been abolished in West Virginia by constitutional amendment adopted in 1974 and has been replaced by the office of magistrate.

For general law as to oath of office of all officers elected or appointed to municipal offices, and filing thereof in the office of the municipal recorder and in the office of the county clerk also, see W. Va. Code, § 8-5-8.

Sec. 13. When new council assumes office.

When any four of the newly elected councilmen shall have been qualified, they shall enter upon their said offices and supersede the former councilmen. (Acts 1872, ch. 14, § 13.)

For general law as to when newly elected municipal councilmen take office, see W. Va. Code, § 8-5-9.

Sec. 14. Refusal of officer-elect to qualify for office vacates the office.

If anyone elected mayor, recorder or councilman shall not have been eligible, or shall fail or refuse to take the oath or affirmation required under this

act [Charter] within the ten days aforesaid [in section 12], such office shall be declared vacant, and the vacancy filled as hereinbefore prescribed [in section 10], but in all cases from among the citizens of the town eligible to such office or position under this act [Charter]. (Acts 1872, ch. 14, § 14.)

Editor's note. -- This section derives from the laws of Virginia, under which Moorefield was first incorporated.

For corresponding provisions of the general laws of the Commonwealth of Virginia, see Code of Va., 1950, as amended, § 15.1-40. For state law as to qualifications of municipal mayors, recorders and councilmen, see W. Va. Code, § 8-5-7. As to oath of office of municipal officers, see W. Va. Code, § 8-5-8.

Sec. 15. Presiding officer of council; quorum.

The council shall be presided over at its meetings by the mayor, or in his absence, by one of the councilmen selected by a majority of the council present; and a majority of the council shall be necessary to constitute a quorum to do business. (Acts 1872, ch. 14, § 15.)

For general law as to who presides at meetings of municipal governing bodies; quorum; and restrictions on voting by interested members, see W. Va. Code, § 8-9-1.

Sec. 16. Journal of the council.

The council shall cause a journal to be kept, and an accurate record of all its proceedings, by-laws, acts and orders, which shall be fully indexed, and open to the inspection of the voters of the town. (Acts 1872, ch. 14, § 16.)

For similar provisions of general law, see W. Va. Code, § 8-9-3.

Sec. 17. Reading and correction of council minutes; recording of votes in council.

The proceedings of the last meeting shall be read to the council, corrected when necessary, and signed by the person presiding for the time being. Upon the call of any member, the ayes and noes on any question shall be called and

recorded in the journal. The mayor, though voting as a member of the council, in cases of a tie, shall have the casting vote. (Acts 1872, ch. 14, § 17.)

Editor's note. --The last sentence of this section appears to be in conflict with W. Va. Code, § 8-9-2. For general law as to reading and correction of journal of council, and recording of votes, see W. Va. Code, § 8-9-3. As to right of mayor to vote as member of the council, but not to vote to break a tie if he has already voted as a member, see W. Va. Code, § 8-9-2.

Sec. 18. Enumeration of some specific powers of the council.

The council so constituted shall have power within said town, to lay off, open, curb and pave streets, alleys, walks and gutters for public use, and to alter, improve and light the same, and to have them kept in good order and free from obstructions on, or over them, to regulate the width and grade of sidewalks and streets, and to order the sidewalks, foot ways and gutters to be curbed, paved and kept in good order, free and clean by the owners, or occupant, of the adjacent property; to lay off public grounds and provide contracts for and take care of public buildings proper to the town to prevent injury or annoyance to the public or individuals, from anything dangerous, offensive or unwholesome; to abate or cause to be abated, anything which, in the opinion of a majority of the whole council, shall be a nuisance; to regulate the keeping of gun powder and other combustibles; to provide for the burial of the dead, and for this purpose may purchase and hold the necessary land for a cemetery, near or convenient to said town, and provide for its improvement and security; to provide for the regular building of houses and other structures in, or for, said town; for the making of division fences, and to provide for shade and ornamental trees, and against danger of damage from fires or contagious diseases; to provide a revenue for the town and appropriate the same, and to provide for the annual assessment of a taxable persons and property of the town; to adopt rules for the transaction of business, and the government and regulation of its own body; to promote the general welfare of the town and protect the property and preserve the peace and good order therein; to keep a town guard, appoint and order out a patrol for the town, when deemed necessary; to appoint such officers as they may deem proper, including a sergeant, a commissioner of the revenue and treasurer; to define their powers, prescribe their duties, fix their term of service and compensation, require and take from them bonds, with such sureties and in such penalty, as the council may determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure, (all bonds to be made payable to the town by its corporate name), to erect, or authorize or prohibit the erection of gas works or water works, in, or near the town; to prevent injuries to, or pollution of the same; to regulate and provide for weighing and measuring of hay, coal, wood and other articles sold, or for sale in said town,

and to regulate the transportation thereof through the streets, and generally, to do such things as the council shall deem necessary for the interest, propriety, peace and good order of the citizens of said town. (Acts 1872, ch. 14, § 18.)

Editor's note. --As to the offices of sergeant and commissioner of the revenue, referred to towards the end of this section, see editor's note under § 5 of this Charter.

For general law enumerating some specific powers of municipal governing bodies, see W. Va., § 8-5-12.

Sec. 19. Exercise of powers of council by means of legislation; penalties for violations of ordinances; use of county jail.

To carry into effect these enumerated powers, and all others conferred upon the said town, or its council, expressly, or by implication, in this or any other acts of the legislature, the council shall have power to adopt and enforce all needful orders, by-laws and ordinances, not contrary to the Constitution of this state, and to prescribe, impose and enforce reasonable fines and penalties, including imprisonment, for a term not exceeding thirty days, under the judgment and order of the mayor of the said town, or the person lawfully exercising his functions. The council, with the consent of the board of supervisors of Hardy County, entered of record, may have the right to use the jail of said county for any purpose necessary in the administration of its affairs. (Acts 1872, ch. 14, § 19.)

For corresponding provisions of general law, see W. Va. Code, § 8-11-1.

Sec. 20. Subjects of annual tax levy.

The annual levy ordered by the council may be upon all male persons within said town over the age of sixteen years, dogs, hogs, and other animals, and on all real estate within said town, which is not exempt from state taxation, and all such other subjects in said town, as may, at the time, be assessed with state taxes, provided the tax does not exceed twenty-five cents on every hundred dollars value of real and personal property; and provided further that no tax shall be levied upon land used for agricultural purposes, when the said tract or par

cel of land shall exceed two acres in one body or piece of land belonging to one person, or one dollar per head on each taxable male person. (Acts 1872, ch. 14, § 20.)

Editor's note.--Due to amendments to the state Constitution, municipalities no longer have authority to levy poll or head taxes on male persons of any age; and the limitations upon real estate taxes herein imposed have been changed.

For general law as to authority of municipalities to levy taxes upon dogs and other animals, see W. Va. Code, § 8-13-10; and upon real and personal property, subject to certain limitations, see W. Va. Code, § 8-13-1.

Sec. 21. Licenses.

When anything for which a state license is required, is to be done within the said town, the council may require a town license to be had for doing the same, and may impose a tax thereon for the use of the town, and the council may, in such case require from the person so licensed a bond, with sureties, in such penalty, and with conditions, as it may determine. (Acts 1872, ch. 14, § 21.)

For general law as to municipal license and tax thereon when state license required, see W. Va. Code, § 8-13-4.

Sec. 22. Collection of municipal taxes, fines, levies and assessments.

The sergeant shall collect the town taxes, fines, levies and licenses, and after thirty days from the time he may receive the books of the commissioner of the revenue of said town, may distrain and sell therefor in like manner as a sheriff may for state taxes, and shall in all respects have the same powers as a sheriff to enforce the payment and collection thereof, and shall, within corporate limits of the town, exercise all the duties that a constable can legally exercise in regard to the collection of claims, executing and levying process, and shall be entitled to the same compensation therefor, and he and his sureties shall be liable to all the fines, penalties and forfeitures that a constable is legally held

liable to for any failure or dereliction in said office, to be recovered in the same manner and before the same tribunals that the same are now recovered against constables. (Acts 1872, ch. 14, § 22.)

Editor's note. --The offices of sergeant and commissioner of the revenue no longer exist; for further details, see editor's note under § 5 of this Charter.

W. Va. Code, prior § 8-7-2, provided that the sergeant collect municipal taxes, etc., but this was superseded by W. Va. Code, present § 8-13-15, which provides for this duty to be performed by "the treasurer, or other individual designated." In actual practice, however, license taxes, special assessments and some other revenues are collected by the city, and property taxes are collected by the county sheriff, as provided in W. Va. Code, §§ 11A-1-15 and 11A-1-16.

For general law as to means for collecting debts due the city, see W. Va. Code, § 8-13-15.

Sec. 23. Tax liens on real estate.

There shall be a lien on real estate for the town taxes assessed therein from the commencement of the year for which they are assessed, and the council may order and require the same to be sold or rented by the sergeant at public auction for the arrears, with interest thereon, with such per centum as the council may prescribe for charges and expenses thereof, and may regulate the terms upon, and time within which the same may be redeemed. No such sale or renting shall be ordered until such realty shall be returned delinquent, and the sale shall be after twenty days notice, posted at the court house door, and the post office in said town. (Acts 1872, ch. 14, § 23.)

Editor's note. --The office of sergeant no longer exists; and the enforcement of tax liens is now governed by general law.

For general law as to liens for real property taxes, see W. Va. Code, § 11A-1-2. As to the accrual and collection of taxes; delinquency and enforcement of payment; and sale of land for taxes, see W. Va. Code, ch. 11A.

Sec. 24. Council may prohibit shows.

The council may prohibit any theatrical or other performance, show or exhibition it may deem injurious to the morals or good order of the town. (Acts 1872, ch. 14, § 24.)

Sec. 25. Powers, duties and compensation of mayor.

The mayor shall be the chief executive officer of the town, shall take care that the by-laws, ordinances or orders of the council are faithfully executed; shall be ex-officio a conservator and justice of the peace in the town, and shall, within the same, exercise all the powers and duties vested in justices, except that he shall have no jurisdiction in civil causes, shall have control of the police of the town, and may appoint special police officers; shall see that peace and good order are preserved, and that the persons and property are protected in the town, shall have power to issue executions for all fines and costs imposed by him, or may require the immediate payment thereof, and in default of such payment, may commit the party in default to the jail of the county until the fine and costs be paid, but the term of imprisonment in such cases shall not exceed thirty days. He shall from time to time, recommend to the council such measures as he may deem needful for the welfare of the town, and shall receive a compensation for his services to be fixed by the council, which shall not be increased or diminished for the term for which he was elected. (Acts 1872, ch. 14, § 25.)

Editor's note. --The office of justice of the peace was abolished in this state by constitutional amendment adopted in 1974; and the authority conferred in this section to issue executions and commit to jail is based on similar authority heretofore vested in justices of the peace.

For general law as to powers and duties of municipal mayors, see W. Va. Code, § 8-10-4. As to compensation of municipal officers and employees, see W. Va. Code, § 8-5-12.

Sec. 26. Powers, duties and compensation of city recorder.

The recorder shall keep a journal of the proceedings of the council, and have charge of and preserve the records of the town and shall receive a compensation for his services to be fixed by the council, which shall not be increased or diminished for the term for which he was elected. (Acts 1872, ch. 14, § 26.)

For general law as to powers and duties of municipal recorders, see W. Va. Code, § 8-10-3. As to compensation of municipal officers and employees, see W. Va. Code, § 8-5-12.

Sec. 27. Duties of city treasurer; payment of money from treasury; action against treasurer for failure in duty.

All moneys belonging to said town shall be paid over to the treasurer, who shall pay out the same upon the order of the mayor, countersigned by the recorder, and not otherwise; and for any default or liability upon the part of the

treasurer or sergeant, the council, in the corporate name of said town, may, on motion after ten days' notice, obtain judgment before the circuit court of said county [Hardy County] on account thereof, against them and their securities, respectively, or either of them, or their heirs or legal representatives. (Acts 1872, ch. 14, § 27.)

Editor's note. -- *The office of sergeant no longer exists; for further details, see editor's note under § 5 of this Charter.*

For general law as to action against municipal treasurer for failure in duty, see W. Va. Code, § 8-13-16. As to payment of money out of municipal treasury, see W. Va. Code, § 8-13-22.

Sec. 28. Exemption of municipality from taxation for roads outside corporate limits; annual head tax on certain walks for street maintenance.

Editor's note -- *The text of this section, being Acts 1872, ch. 14, § 28, is omitted as obsolete.*

Sec. 29. Prior rights of municipality preserved.

All rights, privileges and properties of the said town heretofore acquired and possessed, owned and enjoyed by any act now in force [February 9, 1872], shall continue and remain vested in said town in this act [Charter], and all laws, ordinances, acts, resolutions, rights and liabilities existing and now in force not inconsistent with this act [Charter], shall continue in full force and effect until regularly repealed, or cancelled by a council elected as provided under this act [Charter]. (Acts 1872, ch. 14, § 29.)

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of The Rules of Procedure.


Phyllis J. Sherman

Date: 11/20/87

Introduced in Council:

10/27/87

Introduced by:

Mr. Snyder

Adopted by Council:

10/27/87

"Resolution establishing rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are to be made available, in advance, to the public and news media and providing when this resolution and such rules shall take effect."

Be It Resolved and Ordered by the Council of the Town of Moorefield, West Virginia:

Section 1. Statutory Mandate for These Rules. The rules established in and by this resolution are mandated by and promulgated pursuant to Chapter 6, Article 9A, of the Code of West Virginia, 1931, as amended (herein called the "Act"), and other applicable provisions of law.

Section 2. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) Section 3 of the Act requires each governing body, as defined in the Act, to promulgate rules by which the time and place of all regularly scheduled meetings and the time, place and purpose of all special meetings are made available, in advance, to the public and news media.

(B) The Council of the Town of Moorefield, West Virginia (herein called the "Council"), is a governing body within the meaning of the Act.

(C) Accordingly, it is hereby ordered that the rules set out in Section 3 hereof be promulgated and established as Rules of Procedure of the Council.

Section 3. Rules. The following are hereby promulgated and established as Rules of Procedure of the Council:

Rules No. 1. Notice of Regularly Scheduled Meetings. Immediately after adoption of this resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, post, and leave posted throughout the year to which it applies, at the place in the

Town Hall where notices customarily are posted a notice setting forth the times and places of the Council's regularly scheduled meetings for the ensuing year. Such notice shall be of size and style sufficient to give notice and shall be of quality sufficient to withstand deterioration throughout the year to which it applies. Additional copies of the notice shall be delivered to the Recorder.

Also immediately after adoption of this resolution and in July of each year thereafter, the Council shall instruct the Recorder to, and the Recorder shall, distribute to each of the newspapers, television stations, radio stations and other news media listed below a notice identical to that posted.

The Moorefield Examiner
Moorefield, West Virginia 26836

WELD-AM
Fisher, West Virginia 26818

A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed above, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail. In June of each year after the adoption of this resolution, the Council shall review the above list and shall amend such list as needed, in the opinion of the Council, to reflect properly all the newspapers, television stations, radio stations and other news media that customarily cover news of the Town.

In the event of any modification in the time or place of a regularly scheduled meeting of the Council, notice of such modification shall be given to the public and news media by posting at the place and distributing to the news media in the manner set forth above, not less than three (3) days prior to the date of such regularly scheduled meeting, or, if such regularly scheduled meeting has been rescheduled for an earlier time, prior to the date of such rescheduled meeting, a notice setting forth such modification in the time or place of such regularly scheduled meeting. A copy of such notice shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of a regularly scheduled meeting and of the time and place for the continuation or reconvening thereof publicly given during such regularly rescheduled meeting shall be adequate notice to the public and news media of the time and place thereof.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 2. Notice of Special Meeting. Not less than three (3) but not more than eight (8) days prior to the date set for any special meeting of the Council, the Council shall instruct the Recorder to, and the Recorder shall, post on the door of the Town Hall and at such other place, if any, in Town Hall where notices customarily are posted a notice setting forth the time, place and purpose or purposes of such special meeting and the Recorder shall post the notice at the public library. Business at such special meeting shall be limited to the purpose or purposes specified in said notice.

As soon as practical after the posting of said notice, but not less than three (3) days prior to the date set for such special meeting, the Recorder shall distribute to each of the newspapers, television stations, radio stations and other news media listed in Rule No. 1 hereof a notice identical to that posted. Amendments made to such list, as provided for in said Rule No. 1, shall be incorporated by reference in this Rule No. 2. A notice shall be considered distributed to a news medium when it has been addressed to such news medium at the address listed in said Rule No. 1, or at such other address as the news medium has in writing requested be used, marked or stamped with first class postage and deposited in the United States mail.

A copy of such notice posted and distributed pursuant to this Rule No. 2 shall be attached to and made a part of the minutes of the meeting for which such notice was given.

Notwithstanding the foregoing provisions, notice of the recess or adjournment of any special meeting and of the time and place for the continuation or reconvening thereof publicly given during such special meeting shall be adequate notice to the public and news media of the time and place thereof, the purpose or purposes therefor remaining the same.

Provided, failure of the Recorder to comply exactly with the posting and distribution requirements hereof shall not invalidate the actions taken at the meeting for which such notice was posted and distributed if the Council shall determine that such posting and distribution were in substantial compliance herewith.

Rule No. 3. Emergency Meeting. A meeting of the Council may be held without the notice to the public and news media required by Rule No. 1 and Rule No. 2 hereof only in the

event of an emergency requiring immediate official action. The existence of such an emergency requiring immediate official action shall be determined by the Council and shall be attested to in a certificate by the Mayor describing such emergency and setting forth the reason or reasons immediate official action is required, which certificate shall be attached to and made a part of the minutes of such emergency meeting.

Section 4. Conflicting Provisions Repealed. All resolutions, orders and rules, or parts thereof, in conflict with the provisions of this resolution are, to the extent of such conflicts, hereby repealed.

Section 5. Effective Time. This resolution and the rules promulgated hereby shall take effect immediately upon the adoption hereof.

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Oaths of the Mayor, Recorder.

Phyllis J. Sherman & Council members
Phyllis J. Sherman

Date: 11/20/87

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26036

I, L. A. K. Kell, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as Mayor and that I will faithfully discharge the duties of the office of Mayor for the ensuing term to the best of my ability, SO HELP ME GOD.

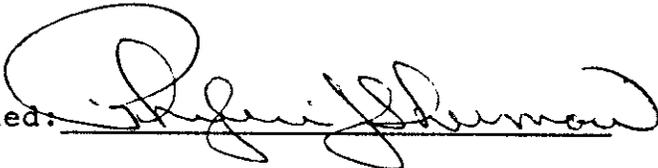
Signed: L. A. K. Kell

Subscribed to and sworn to before me this 2 day of ^{July}~~May~~, 1985.

[Signature]

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26036

I, Rhylis J. Sherman do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as _____
Recorder and that I will faithfully discharge the duties of the office of Recorder for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: 

Subscribed to and sworn before me this 15 day of June, 1987.

L. O. K. W.

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26826

I, CARLTON A. HILLIARD, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as _____
COUNCILMAN and that I will faithfully discharge the duties of the office of COUNCILMAN for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Carlton Hilliard

Subscribed to and sworn before me this 15th day of June, 1987.

J. H. Hill

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26936

I, Roger Lee Pratt, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as _____
Chairman and that I will faithfully discharge the duties of the office of Chairman for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Roger L. Pratt

Subscribed to and sworn before me this 15 day of June, 1987.

J. O. Pratt

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26036

I, LARRY P. SNYDER, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as _____
COUNCILMAN and that I will faithfully discharge the duties of the office of Councilman for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Larry P. Snyder

Subscribed to and sworn before me this 15 day of June, 1987.

F. O. KAH

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

I, Snow A Zick, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as Councilman and that I will faithfully discharge the duties of the office of Town Council for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Snow A Zick

Subscribed to and sworn to before me this 2 day of ^{July}~~May~~, 1985.

Rayleigh Sherman

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

I, Donald G. Eye, do solemnly swear that I will preserve, protect and defend the Constitution of the United States and of the State of West Virginia and the By-Laws of the Town of Moorefield, that I am eligible under Chapter 8 of the Code of West Virginia to serve as COUNCILMAN and that I will faithfully discharge the duties of the office of COUNCILMAN for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Donald G. Eye

Subscribed to and sworn to before me this 2 day of ^{July}~~May~~, 1985

[Signature]

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

GENERAL CERTIFICATE OF INCUMBENCY AND PROPER NAME

I, Phyllis J. Sherman, Recorder of the Town of Moorefield, West Virginia (the "Town"), hereby certify as follows:

1. The names of the Mayor and of the members of the Council of the Town (the "Council") holding office when the Ordinance authorizing issuance of the above-referenced bonds (the "Bonds") was introduced on October 27, 1987, and was passed on November 3, 1987 (the "Bond Ordinance"), when the resolution authorizing publication of an abstract and notice of the Bond Ordinance was adopted on November 3, 1987, when the resolution regarding the public hearing on the Bond Ordinance was adopted on November 16, 1987, and when the supplemental resolution authorizing the sale of the Bonds to the West Virginia Water Development Authority was adopted on November 16, 1987, the dates of commencement and expiration of their respective terms of office are as follows:

<u>Office</u>	<u>Name</u>	<u>Date of Commencement of Term</u>	<u>Date of Expiration of Term</u>
Mayor	Larry Kuykendall	July 1, 1985	June 30, 1989
Recorder	Phyllis Sherman	July 1, 1987	June 30, 1991

Council Members

Larry P. Snyder	July 1, 1987	June 30, 1991
Carlton Hilliard	July 1, 1987	June 30, 1991
Donald Eye	July 1, 1985	June 30, 1989
Snow Zirk	July 1, 1985	June 30, 1989
Roger Pratt	July 1, 1987	June 30, 1991

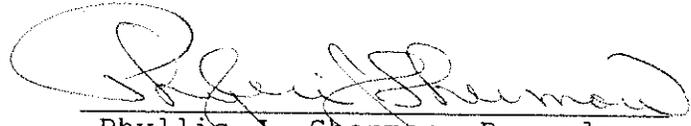
Jack Walters, Moorefield, West Virginia, is the duly appointed and acting Attorney for the Town.

2. All of the foregoing officers required to do so took, subscribed to and filed their oaths of office in accordance with law prior to entering upon their official duties; all of those required to give bonds or undertakings filed such bonds or undertakings at the place and in the manner required by law; all of them have otherwise duly qualified for office and are the acting officers for the respective periods above-stated except as described below; and no proceedings for the removal from office of any such officer have been taken or are pending or threatened.

3. The corporate name of the Town is "Town of Moorefield." Said corporate name has not been changed by any election or any ordinance or resolution.

4. The Council meeting held on November 3, 1987 was a regularly scheduled meeting of Council. The Council meetings held on October 27, 1987, and November 16, 1987 were duly called and held special meetings of Council. A quorum of members of the Council was present and acting throughout each of said meetings.

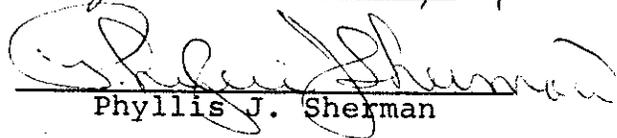
IN WITNESS WHEREOF, I have hereunto set my hand and impressed the corporate seal of the Town of Moorefield, West Virginia, this 20th day of November, 1987.


Phyllis J. Sherman, Recorder

[SEAL]

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Board Ordinance passed October 1, 1974


Phyllis J. Sherman

Date: 11/20/87

TOWN OF MOOREFIELD

\$245,000 Water Revenue Bond, Series 1974

BOND ORDINANCE

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TOWN OF MOOREFIELD

ORDINANCE AUTHORIZING THE ISSUANCE OF \$245,000 WATER REVENUE BOND, SERIES 1974, OF THE TOWN OF MOOREFIELD TO FINANCE PART OF THE COSTS OF IMPROVEMENTS TO THE EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE WATERWORKS; PROVIDING FOR THE RIGHTS, REMEDIES AND SECURITIES OF THE BOND-HOLDERS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of Article 19, Chapter 8 of the West Virginia Code (herein called the "Act"), and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Town of Moorefield, in Hardy County, State of West Virginia (herein called the "Town"), now owns a waterworks.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Town, and it is accordingly hereby ordered, that the said existing waterworks be added to, extended and improved by acquisition and construction of a new storage tank, additional water lines and other additions, extensions and improvements, all in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder (all said improvements being herein collectively called the "Project").

(C) It is necessary for the Town to issue its revenue bonds in the principal amount of \$245,000 to finance part of the costs of the construction of the Project as hereinafter provided.

(D) The estimated maximum cost of the Project is the sum of \$816,000, of which \$245,000 will be obtained from the proceeds of sale of the Bond herein authorized and the balance from the proceeds of a Federal grant for Project No. EDA 03-1-00587.

(E) The cost of such construction shall, subject to and in accordance with the provisions of the respective Loan and Grant Agreements, be deemed to include, without being limited to, the construction or acquisition of the Project; the acquisition of any necessary property, real or personal, tangible or intangible or interest therein, and any other purposes necessary, incidental, desirable or appurtenant to the construction of the Project; interest on the Bonds prior to, during and for six months after completion of such construction to the extent that the revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized by this Ordinance.

(F) The period of usefulness of the System after completion of the Project is not less than forty years.

(G) There are outstanding on the date of enactment hereof the Waterworks Revenue Bonds, Series of 1960, of the Town dated the first day of March, 1960 (the "1960 Bonds"). However, prior to issuance of the 1974 Bond hereby authorized funds will be on deposit in the Town of Moorefield Bond and Interest Redemption Account (the "1960 Bond Account"), established by the ordinance which authorized issuance of the 1960 Bonds with the State Sinking Fund Commission of West Virginia, in an amount equal to the entire amount required for retirement of all the 1960 Bonds outstanding and to pay all interest that will have accrued

and become due at the time of such retirement. Accordingly, under the express provisions of Section 5 of the 1960 Ordinance, the Town will not be required to make any further payments into the 1960 Bond Account and the holders of the 1960 Bonds, therefore, will not have any further lien or pledge in connection with the System or the revenues thereof. Therefore, the Bonds hereby authorized to be issued shall have a first lien on and pledge of such revenues to secure payment thereof, and all liens and pledges in favor of the 1960 Bonds, except as to the moneys in the 1960 Bond Account will have terminated and be no longer of any effect or validity.

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreements herein set forth to be performed by the Town shall be for the equal benefit, protection and security of the legal holders of any and all such Bonds, and the coupons appertaining thereto, all which shall be of equal rank without preference, priority or distinction of any of the Bonds or coupons over any other thereof, except as expressly provided therein and herein.

Section 1.04. Definitions. The following terms shall have the following meanings in this Ordinance unless the text otherwise expressly requires:

"Act" shall mean Article 19, Chapter 8 of the West Virginia Code.

"Bonds" shall mean the Revenue Bond, Series 1974, originally authorized to be issued pursuant to this Ordinance in the aggregate principal amount of \$245,000, and shall also be deemed to include any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance, and any interest coupons appertaining to such additional parity Bonds.

"1974 Bond" means the Bond originally authorized hereby, in the aggregate principal amount of \$245,000.

"Consulting Engineer" shall mean Kelley, Gidley, Staub & Blair, Inc., Consulting Engineers, of Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineer for the Project or the System.

"Facilities" shall mean all the facilities of the System and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"Fiscal year" shall mean each year beginning on July 1 and ending on the succeeding June 30.

"Government" shall mean United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"Holder of the Bond" or "Bondholder" or any similar term shall mean any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer or of any coupon representing interest accrued or to accrue on said Bonds.

"Net Revenues" shall mean the balance of the gross revenues, as defined herein, remaining after deduction only of operating expenses, as defined herein.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Town relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably

be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices.

"Original Purchaser" means the purchaser, directly from the Town of any series of Bonds issued pursuant hereto, or any part of any such series.

"Project" shall have the meaning stated above in Section 1.02(B).

"Prime contractor" shall mean each construction, equipment or other contractor or supplier who executes a contract for construction, equipment, supplies or other items constituting part of the Project directly with the Town.

"Recorder" means the Recorder of the Town.

"Reserve Requirement" means the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Town, or accrued to the Town, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"System" shall mean the complete waterworks of the Town, including the Project and the existing waterworks, and all facilities and other property of every nature, real or personal, tangible or intangible, now or hereafter owned, held or used in connection with the System, and shall also include any and all additions, extensions, improvements, properties or other facilities hereafter at any time acquired or constructed for the System.

"Town" shall mean the Town of Moorefield, in Hardy County, West Virginia, and, where appropriate, shall also mean the Town Council thereof.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of 1974 Bond. Subject and pursuant to the provisions hereof, a Bond of the Town to be known as "Water Revenue Bond, Series 1974" is hereby authorized to be issued in the aggregate principal amount of not exceeding Two Hundred Forty-Five Thousand Dollars (\$245,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 2.02. Description of 1974 Bond. The 1974 Bond shall be issued in negotiable form, without coupons, and shall be dated on the date of delivery thereof. The 1974 Bond shall bear interest from date at the rate of five per centum (5%) per annum. The minimum price for the 1974 Bond shall be the par value thereof.

Prepayments of principal of the 1974 Bond may be made at any time without penalty.

The 1974 Bond shall be payable in amounts and at the place or places as provided in the form therefor hereinafter set forth.

Section 2.03. Execution of 1974 Bond. The 1974 Bond shall be executed in the name of the Town by the Mayor and the corporate seal of the Town shall be affixed thereto and attested by the Recorder. The 1974 Bond may be signed and sealed on behalf of the Town by such person as at the actual time of the execution thereof shall hold the proper office in the Town, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Negotiability. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State of West Virginia.

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the 1974 Bond shall become mutilated or be destroyed, stolen or lost, the

Town may, in its discretion, issue and deliver a new Bond of like tenor as the Bond 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 the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may require. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Any such duplicate Bond issued pursuant to this Section shall constitute an original, additional contractual obligation on the part of the Town, whether or not the destroyed, stolen or lost Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits with all other Bonds issued hereunder.

Section 2.06. Bond Secured by Pledge of Revenues. The payment of the debt service of the 1974 Bond shall be secured forthwith by a first lien on the revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. 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 Fund and otherwise as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same becomes due as herein provided.

Section 2.07. Form of 1974 Bond. Subject to the provisions hereof, the text of the 1974 Bond shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

WATER REVENUE BOND
Series 1974

TOWN OF MOOREFIELD
\$245,000

Date: _____

FOR VALUE RECEIVED, the TOWN OF MOOREFIELD (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Forty-Five Thousand Dollars (\$245,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$1,201, covering principal and interest on the first day of each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra

payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms,

taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

[CORPORATE SEAL]

TOWN OF MOOREFIELD
(Name of Borrower)

ATTEST:

(Signature of Executive Official)

Mayor
(Title of Executive Official)

(Signature of Attesting Official)

Municipal Building
(Post Office Box No. or Street Address)

(Title of Attesting Official)

Moorefield, West Virginia 26836
(City, State and Zip Code)

ARTICLE III

1974 BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. 1974 Bond Proceeds; Project Construction Account.

All moneys received from the sale of the 1974 Bond and all moneys received under any construction loan shall be deposited on receipt by the Town in South Branch Valley National Bank, Moorefield, West Virginia, a member of Federal Deposit Insurance Corporation (FDIC), in a special account hereby now established and designated as "Town of Moorefield 1974 Waterworks Construction Account" (herein called the "project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Town solely for the purposes provided herein.

Until completion of construction of the Project, the Town will pay from the Project Construction Account such sums as shall be from time to time required to pay the interest becoming due on the 1974 Bond.

If the Town shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Town may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly used to prepay the principal sum of the 1974 Bond, in integral multiples of \$1,000, and any balance shall be deposited in the Sinking Fund Reserve Account.

→ Section 3.02. Covenants as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund and the Reserve Account therein, hereinafter established, a sum sufficient to pay the entire principal of the Bond remaining unpaid together with interest accrued thereon, the Town further covenants with the holder of the Bond issued pursuant hereto as follows:

→ (A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof, and all tap fees received, except as otherwise provided herein, shall be deposited as collected by the Town in a special fund known as the "Revenue Fund", hereby established initially with said Bank. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Town and used only for the purposes and in the manner provided herein.

→ (B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

→ (1) The Town shall first, each month, from the moneys in the Revenue Fund, pay or provide for payment of all Current Operating Expenses.

→ (2) The Town shall next, before the end of each month, pay from the Revenue Fund to the Bondholder, as provided in the 1974 Bond, the installment payment required by the terms of the 1974 Bond.

→ (3) The Town shall next, each month, transfer from the Revenue Fund and deposit into the Reserve Account, hereby established in said Bank, one-twelfth of one-tenth of the maximum annual aggregate amount of interest and principal which will fall due on the amount of the Bond outstanding until the amount in the Reserve Account equals such maximum annual aggregate amount of interest and principal (such account being called the "Reserve Requirement"). After the Reserve Requirement has been accumulated in the Reserve Account, the Town shall monthly pay into the Reserve Account such

\$ 1201 per mo

\$ 1201/month

part of the moneys remaining in the Revenue Fund, after such provision for payment of maturing principal of and interest on the Bonds, as shall be required to maintain the Reserve Requirement. Moneys in the Reserve Account shall be used solely to make up any deficiency of revenues for payment of the principal of and interest on the 1974 Bonds as the same shall mature or for mandatory prepayment of the principal of the Bond as hereinafter provided and for no other purpose.

150/mo.

→ (4) The Town shall next, each month, transfer from the Revenue Fund the moneys then remaining in the Revenue Fund and shall deposit the same in the Depreciation Reserve hereby established with the said Bank, until there has been accumulated therein the sum of \$9,000 and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used by the Town first to make up any deficiencies for the payment of principal of and interest on the 1974 Bond as the same become due, and next to restore to the Reserve Account any sum or sums transferred therefrom to pay such principal or interest. Thereafter, and provided that payments of installments of the Bond and into the Reserve Account are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Town and used for extensions, replacements and improvements of the System, or any part thereof.

→ (5) After all the foregoing provisions for use of moneys in the Revenue Fund, as the case may be, have been fully complied with, any moneys remaining therein may be used to prepay the principal of the 1974 Bond or for any lawful purpose in connection with the System.

Whenever the moneys in the Reserve Account shall be sufficient to pay or prepay the 1974 Bond, it shall be the mandatory duty of the Town, anything to the contrary in this Ordinance notwithstanding, to pay or prepay, at the earliest practical date and in accordance with applicable provisions hereof, the 1974 Bond and accrued interest thereon to such prepayment date.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used the Bondholder shall have a lien thereon for further securing payment of the Bond and the interest thereon. The moneys in excess of the sum insured by FDIC in the Revenue Fund, the Reserve Account and the Depreciation Reserve shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

The Town shall keep the moneys in the Reserve Account and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any part of the 1974 Bond shall be outstanding and unpaid, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Town and the Bondholder.

Section 4.02. Rates. The Town will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on all Bonds outstanding and to make the payments required herein to be made for payment of all the Bonds and the interest thereon and into the Reserve Account and the Depreciation Reserve, and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only with the prior written consent of the Government, which consent shall provide as to use of the proceeds of such sale.

Section 4.04. Covenant Against Encumbrances. The Town will not issue any obligations whatsoever, except additional parity Bonds hereinafter provided for, 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 Bond; and all obligations hereafter issued by the Town payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues, and in all other respects, to the Bond.

Except as herein provided as to additional parity Bonds, the Town will 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 Bond, and the interest thereon, upon any of the income and revenues of the System pledged hereby as security therefor, or upon the System or any part thereof.

Section 4.05. Issuance of Additional Parity Bonds. No additional parity Bonds, as in this Section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bond pursuant hereto, except under the conditions and in the manner herein provided.

(A) No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions and improvements to the System or refunding Bonds issued hereunder, except as provided in subsection (F) of this Section.

(B) No such additional parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written certification by a certified public accountant not in the regular employ of the Town based upon the necessary investigation, reciting the conclusion that the net revenues, as defined herein, actually derived from the System during the fiscal year immediately preceding the date of the issuance of such additional parity Bonds shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Bond then outstanding and on the additional parity Bonds then proposed to be issued. This limitation may be waived or modified by the written consent of the Bondholder or Bondholders representing 75% of each Series of the then outstanding Bonds issued pursuant hereto.

(C) Prior to the issuance of any such additional parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such additions, extensions or improvements to the System which are to be financed by such additional parity Bonds.

(D) The term "additional parity Bonds", as used in this Section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this Section, payable from the revenues of the System on a parity with the 1974 Bond, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the holders of any Bonds issued pursuant to this Ordinance and the holders of any additional parity Bonds subsequently issued within the limitations of and in compliance with this Section. All such 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 or coupon over any other. The Town shall comply fully with all the increased payments into the various funds created herein required for such additional parity Bonds, in addition to the payments required for Bonds originally issued hereunder. Redemption of Bonds prior to maturity in the event that the 1974 Bond and additional parity Bonds hereby authorized are outstanding, shall as nearly as practical be on an equal pro rata basis reflecting the original amounts of each issue.

(E) No additional parity Bonds shall be issued at any time unless all the payments into the respective Funds provided for herein on Bonds then outstanding and all other payments provided for herein shall have been made or paid up as required to the date of issuance of the additional parity Bonds and the Town shall have fully complied with all the covenants, agreements and terms hereof or shall have remedied any deficiency in such compliance.

(F) With the written consent in advance of Farmers Home Administration and anything to the contrary in subsections (A), (B) and (C) of this Section notwithstanding, additional parity Bonds may be authorized and issued by the Town pursuant to supplemental ordinance in the event that the 1974 Bond should be insufficient, together with other

funds lawfully available therefor, to pay all costs of construction of the Project. Any such additional parity Bonds authorized and issued under the provisions of this subsection shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of such construction costs, and the maturities of any such additional parity Bonds shall be in years and amounts suggested by said Farmers Home Administration.

Section 4.06. Insurance and Bonds. The Town hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Town will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Town will itself, or will require each contractor and subcontractor to obtain and maintain builder's risk insurance to protect the interests of the Town during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the Town from claims for bodily injury and/or death and not less than \$50,000 from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in

the event that any vehicle not owned by the Town is operated for the benefit of the Town with limits of not less than \$100,000 for one person and \$300,000 for more than one person injured or killed in one accident to protect the Town from claims for bodily injury and/or death, and not less than \$50,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen'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, will be required of each contractor dealing directly with the Town and such payment bonds will be filed with the Clerk of the County Court of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any other funds of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$5,000 upon the Recorder, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Government holds the Bond, the Town will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Town and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.07. Statutory Mortgage. For the further protection of the holders of the Bond, 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.

Section 4.08. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any installment of the principal or interest due on the Bond on the date specified for the payment thereof;

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Town in the Bond or herein, or violation of or failure to observe any provision of any pertinent law, provided any such failure or violation, excluding those covered in (A) above in this Section, shall continue for a period of thirty days after written notice shall have been given to the Town by any Bondholder specifying such failure or violation and requiring the same to be remedied.

Section 4.09. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by such Bondholder, such court may, upon proof of such default, appoint a receiver for the affairs of the Town and the System. The receiver so appointed shall administer the System on behalf of the Town, shall exercise all the rights and powers of the Town with respect to the System and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 4.10. Fiscal Year; Budget. While any Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the

Town agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Council. Copies of each Annual Budget shall be delivered to the Government, by the beginning of each fiscal year and shall be mailed to the original purchaser of the 1974 Bond.

If for any reason the Town shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Town. Each such Budget of Current Expenses shall be delivered and mailed immediately as in the case of the Annual Budget.

Section 4.11. Covenant to Proceed and Complete. The Town hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 4.12. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Town relating thereto.

The Town shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and the original purchaser of the Bond, and shall make available the report of said accountants at all reasonable times to any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder or customer. The Government, so long as it holds the Bond, may permit substitution of a copy of the annual audit report by the office of the State Tax Commissioner for the copy of annual audit report by a certified public accountant.

Section 4.13. Maintenance of the System. The Town covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the Bonds are outstanding.

Section 4.14. No Competition. The Town will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Town or within the territory served by the System.

ARTICLE V
RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

AVAILABILITY OF SERVICE; METERING; BILLING

Available for all domestic, commercial, institutional and industrial consumers within the service area of the Town.

All water service from the System shall be metered.

Water services shall be billed monthly.

RATES

Water charges shall be as follows:

<u>Gallons per Month</u>	<u>Monthly Charge per 1000 Gallons</u>
First 2,000	\$ 1.50
Next 3,000	.50
Next 195,000	.40
Next 2,800,000	.30
All Over 3,000,000	.24

For service outside the corporation limits, each monthly bill shall have \$1.00 added to the total for water used.

MINIMUM MONTHLY WATER CHARGE

The minimum monthly charge for water shall be \$3.00.

DELAYED PAYMENT PENALTY

The charges provided above are net. For all accounts not paid in full within fifteen days of date of monthly bill, a penalty of 10% of the bill will be added to the bill.

MULTIPLE OCCUPANCY, ETC.

Each family unit in apartments and each inhabited trailer shall be considered and charged as a separate residential unit or house. Where metering each separate service is not feasible, the owner of the premises will be charged, as to units not metered, the total of the minimum rates for each unit or the total metered service, whichever is higher.

RECONNECTION CHARGE

A \$2.50 charge will be made for restoring discontinued service.

TAPPING FEE

A \$100 charge will be made for water tapping fee.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. The Town will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the Town or any department, agency, officer or employee thereof should avail itself or themselves of the services or facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

D. The Town may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

E. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

F. The Town shall not be liable to any customer as such for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever. In case of emergency, the Town shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Town.

G. The schedule of rates and charges provided above shall be and constitute the minimum fees, rates and charges to be charged for the services and facilities of the System, shall take effect upon commencement of use of the Project and shall not be reduced so long as any Bonds are outstanding. Such fees, rates and charges will be increased whenever such

increase is necessary in order to comply fully with all provisions of this Ordinance and the Town shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 125% of the average annual debt service on the Bonds outstanding.

H. The rules, rates and charges hereinabove set forth may be amended by the Town by resolution of the Council thereof to conform with the rules, rates and charges applicable to the System which may be provided in a final order of the Public Service Commission of West Virginia entered after the date of enactment of this Ordinance and prior to the issuance of the Bond.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, or sooner, the Town shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of the State of West Virginia and of the Clerk of the County Court of said County.

Section 6.02. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of each series of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the Town to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications, and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity Bonds contained in Section 4.05B.

Section 6.03. Award of 1974 Bond. The 1974 Bond is hereby awarded to the Government, unless, prior to delivery of the 1974 Bond, the Government requires public sale thereof.

Section 6.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.05. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed.

Section 6.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 6.07. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.08. Statutory Notice and Public Hearing. Upon enactment hereof, an abstract of this Ordinance determined by the Council to contain sufficient information to give notice of the contents of this Ordinance, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in Moorefield Examiner, a newspaper published and of general circulation in the Town of Moorefield, publication of which abstract of this Ordinance shall be together with a notice stating that this Ordinance has been enacted and that a certified copy of this Ordinance is on file with the Council in the office of the Recorder for review by interested persons during office hours of the Recorder, and that the Town contemplates the issuance of the 1974 Bond, and that any person

interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the second publication of the said abstract and notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading Sept 10, 1974

Passed on Second and
Final Reading Oct 1, 1974

Effective following public hearing held on the date of Second and Final Reading stated above.

Paul V. Williams
Mayor

Recorder

WATER REVENUE BOND
Series 1974

TOWN OF MOOREFIELD
\$245,000

Date: Aug 12, 1975

FOR VALUE RECEIVED, the TOWN OF MOOREFIELD (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Two Hundred Forty-Five Thousand Dollars (\$245,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and \$1,201, covering principal and interest on the first day of each month thereafter, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose

of providing funds for financing costs of construction and acquisition of additions for the waterworks of the Borrower, is payable solely from the revenues to be derived from the operation of such waterworks after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the waterworks. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including among others, Article 19 of Chapter 8 of the West Virginia Code (herein called the "Act").

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

TOWN OF MOOREFIELD

[CORPORATE SEAL]

By _____
Mayor

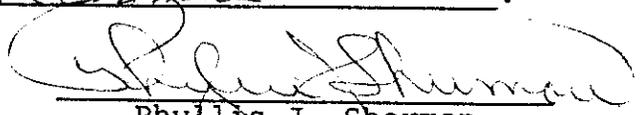
Municipal Building
Moorefield, West Virginia 26836

ATTEST:

Recorder

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Water Rate Ordinance.


Phyllis J. Sherman

Date: 11/20/87

N O T I C E

TO: THE CITIZENS OF THE TOWN OF MOOREFIELD

You are notified that the Town Council did at a regular meeting on Tuesday, March 3, 1987, at the Town Office, vote and adopt an ordinance, hereinafter set forth in its entirety, which will, if finally adopted, increase the rates and charges which the customers of the Town of Moorefield will pay for water services. The contemplated water rates and charges are set forth in the proposed ordinance below. You are also notified that you or any person may appear before the Town Council of the Town of Moorefield on the 7th day of April, 1987, at 7:00 P. M. at the Town Offices in Moorefield, West Virginia, and present any protest which you have to the enactment of said ordinance. The proposed ordinance is as follows:

ORDINANCE AUTHORIZING THE TOWN OF MOOREFIELD
TO INCREASE RATES AND CHARGES FOR FURNISHING
WATER SERVICE TO ITS CUSTOMERS IN AND NEAR
MOOREFIELD IN THE COUNTY OF HARDY

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

1. This ordinance is enacted pursuant to the provisions of West Virginia Code, Chapter 8, Article 13, Section 13 and West Virginia Code, Chapter 24, Article 2, Section 4-b and West Virginia Code, Chapter 8, Article 11, Section 4.

2. It is hereby determined that the present water rates heretofore approved by the Public Service Commission on February 5, 1985, are inadequate and the revenue derived by

the Town therefrom is insufficient to provide for the upkeep and operation of said system.

3. It is accordingly adjudged to be necessary that the following rates be enacted by the Town of Moorefield and that same be charged for the furnishing of water services to customers in and near Moorefield, in the County of Hardy.

The rates are as follows:

First	2000 gallons per month	\$2.10 per 1000 gals.
Next	3000 gallons per month	.77 per 1000 gals.
Next	195,000 gallons per month	.75 per 1000 gals.
Next	2,800,000 gallons per month	.72 per 1000 gals.
All Over	3,000,000 gallons per month	\$.72 per 1000 gals.

provided, that no monthly charge for any water supplied to any premises or through any meters shall be less than four dollars and twenty cents.

Users of water beyond the city limits shall pay monthly charges therefore as hereinbefore provided for resident users, plus an additional one dollar.

MINIMUM MONTHLY CHARGES FOR MULTIPLE DWELLINGS

1 Family	\$ 4.20
2 Family	8.40
3 Family	12.60
4 Family	16.80
5 Family	21.00
6 Family	25.20

Multiple family units are billed on a minimum charge for each unit unless the consumption billing exceeds the minimum billings.

TAPPING FEES

A \$150.00 charge shall be made for residential tapping fees.

A \$200.00 charge shall be made for commercial tapping fees.

SPRINKLER CHARGE

There shall be a \$50.00 per year charge per unit made to every customer who has water sprinklers in any structure.

DELAYED PAYMENT PENALTY

On all accounts not paid in full within fifteen (15) days of the date of bill, ten percent (10%) will be added to the net amount shown.

4. This ordinance shall be come effective July 1, 1987.

5. Upon adoption hereof, this ordinance shall be published once a week for two successive weeks within a period of fourteen (14) successive days, with at least six full days intervening between each publication, in the Moorefield Examiner, a newspaper published in Hardy County, and of general circulation in said Town, together with a Notice stating that the ordinance has been adopted, and that the Town contemplates changing the water rates as set forth in said ordinance, and that any person may appear before the Council upon a date certain stated in said Notice which date shall be not less than five (5) days subsequent to the date of the second publication of the said ordinance and Notice and present protest. At such hearing all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premise.

Passed on first reading on the 3rd day of March, 1987.

Passed on second and final reading on the 7th day of April, 1987.

Effective not less than forty-five days following public hearing held on the date of the second and final reading stated above.

Council Members Voting
for Ordinance:

Cleta Beville
Richard A. Bentley
Archie S. Smith
Larry P. Snyder
Donald D. Ege

Council Members Voting
Against Ordinance:

The undersigned Mayor of the Town of Moorefield does hereby certify that the foregoing ordinance was adopted by a majority of Council.

Jay R. Hill
Mayor

ATTEST:
[Signature]
Recorder

The Town Council of Moorefield, a municipal corporation, met in regular session on Tuesday, April 7, 1987, at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: Larry D. Kuykendall, mayor; Phyllis J. Sherman, recorder; Robert Fertig, Larry Snyder, Snow Zirk, Cleta Saville, and Donald Eye, councilmen; William Henry, Lyle Steach, Karl Evans, and Robert Clark, department heads; and Phoebe Heishman and Elizabeth Whitener, reporters. Paul Lewis, who was on vacation, was absent.

As the first order of business, council met in public hearing to receive written and/or oral comments on the ordinance to increase water rates within the Town of Moorefield. The recorder read the ordinance for the second time and Mayor Kuykendall asked if there were any comments. Henry and Eva Wills were present to ask if the increase would affect their sewer rate. It was explained to them that the two rates are separate. There being no further comments or protests against the rate increase, Mayor Kuykendall asked for a motion to approve and adopt the ordinance. Said motion was made by Robert Fertig, seconded by Donald Eye, and passed by unanimous vote of all members present. The mayor declared the ordinance passed and adopted to become effective May 22, 1987.

The mayor then called the regular meeting to order and upon motion duly made, seconded, and passed, the reading of the minutes was waived.

Frances Welton, was present on behalf of the Moorefield Women's Club, to report that they have adopted a beautification program as a project and are interested in planting evergreen trees along the street in front of the Bierkamp property on South Main Street. She stated that they have spoken to the Department of Highways in regard to the state right-of-way and to Blaine Bierkamp about the planting of the trees and there appears to be no problems. She added that they are aware that the Town is in the process of their downtown revitalization project and that they would like to work with us to arrive at the best solution to screen the area. She added that the Club is developing a plan to plant bulky, fast growing trees instead of using a fence which would eventually be covered with graffiti. Mayor Kuykendall advised her that when the architects for the project are chosen we will talk to them about the Women's Club proposal.

Mrs. Welton also expressed her concern as an interested citizen in regard to the demolition of any historical buildings in the downtown area. She stated that she was very interested in maintaining the historical atmosphere of the town and hoped that no more buildings of historical significance will be torn down to make room for parking lots.

A delegation of residents from the Misty Terrace subdivision was present to voice concerns in regard to streets, cable, and water drainage within the development. Mayor Kuykendall explained to the group that the streets must be built according to town specifications and that we will not accept the streets until they are finished and dedicated to the town. After hearing other complaints about surface water, cable, location of water meters, sewer manholes, and utility boxes, Mayor Kuykendall advised the residents that there is nothing the town can do but that we would write a letter to Mr. Williams on their behalf recommending that he set a date to meet with them

in order to hear their complaints and work out some solutions.

As the next order of business, council on motion duly made, seconded, and passed accepted the low bid of Albert Crites for \$13,644.00 for the water plant renovation project if all the details can be worked out. Mr. Crites wants to be paid weekly for his labor and council decided to pay for the material. He is to begin immediately with a completion schedule of 30 days since this project needs to be completed before the EDA water project begins in order for the control panels to be installed.

Snow Zirk, chairman of the committee to draft the outside burning ordinance, reported that she had spoken with City Attorney Walters who suggested that the Town either eliminate all outside burning or recommend that individuals and businesses increase their number of garbage pickups. Councilman Zirk is to obtain similar ordinances from neighboring towns to study before a final decision is made.

In other business, council on motions duly made, seconded and passed, took the following actions and discussed the following subjects:

- Approved the reappropriation of General Fund 1985-86 Fund Balance of \$2530 to City Hall department. (Zirk, Eye)
- Approved April 13 and 21 as dates for special meetings.
- Set the week of April 27 through May 1 as the dates for spring cleanup. (Zirk, Eye)
- Mayor Kuykendall gave council a brief report on the sewer plant reconstruction. He added that Carl Belt, the contractor, is here and in operation.
- Gave Mayor Kuykendall permission to sign the agreement with Leo Timbrook for clay for the sewer lagoon. Also, reviewed and approved the deed for the Mountain View streets and water and sewer lines before recording it.
- Approved a rate of .62 cents per thousand for water sold to clean culverts on Main Street plus \$10.00 per man hour.
- Waived the rent for the auditorium for a benefit for Tom Bobo. (Snyder, Fertig)
- Adopted a resolution dated 3-30-87 giving the Mayor the authority to execute all documents involved with the Carl Belt contract for reconstruction of the sewer lagoon. (Fertig, Zirk)
- Councilman Snyder reported on his meeting with Dr. K. F. Johnson in regard to a right-of-way into the new water tank site. Mr. Johnson requested that a culvert and a bar gate be installed.

- Gave the Recorder permission to contact Gary Cottrill to instruct him to proceed with the interim financing for the sewer reconstruction project. (Fertig, Eye)
- Discussed drainage problem at Sam Hinkle's residence on South Elm Street. Decided to extend the storm drain if needed to correct problem. (Snyder, Zirk)
- Approved payment of all current bills.
- Approved payment of bills for repair to two hot water tanks belonging to Leon Reel and Bonnie Barr which were damaged when the Town turned off the water.
- Councilmen Snyder will check with Blaine Bierkamp to see when he can install the bar gate at the old town dump.
- Discussed repairs to the 82 Chrysler police car. Councilman Eye is to check to see if an electric fuel pump can be installed on the car. If this doesn't work, Councilman Fertig recommended that it be taken to Highway Motors in Harrisonburg. (Fertig, Zirk)

Robert Clark, park director, reported that someone from Hornsby Pool Company will be here when he hooks the pool up to give technical advice as to the problems. Concern was expressed as to whether Bill Pallavicini was going to provide enough inspection for all jobs including the park project. Council directed Phyllis Sherman to call Mr. Pallavicini and advise him that council expects an inspector on each job he is doing for the town.

Council then adjourned into a short executive session to consider a personnel request.

Upon coming out of executive session, council on motions duly made, seconded, and passed approved the following motions:

- Approved the removal of a departmental reprimand from Michael Clemens personnel file and added that he may request removal of the other reprimand after July 1, 1987.
- Approved an amendment to Page 20 of the personnel policy to allow for a three year period before requests for removal of reprimands from personnel files will be considered.

No further business appearing, council on motion duly made, seconded, and passed, voted to adjourn the meeting.

Respectfully submitted,

Zirk, Mayor

Phyllis Sherman, Recorder

TOWN OF MOOREFIELD

MOOREFIELD, WV to-wit:

I, Phyllis J. Sherman, Recorder of the Town of Moorefield
do hereby certify that the foregoing is a true abstract
from the Minutes of the Town of Moorefield entered into
the records on 7 day of April, 1987.

Given under my hand and seal of the Town of Moorefield
this 19 day of November, 1987.


Recorder

SPECIAL, OCTOBER 27, 1987

The Town Council of Moorefield, a municipal corporation, met in special session, on Tuesday, October 27, 1987, at 7:00 P.M. in the Council Room of Inskeep Hall pursuant to the waiver of notice of the Mayor of said municipality.

The meeting was called to order by Mayor Kuykendall, mayor, with the following persons present: Phyllis J. Sherman, recorder, Larry Snyder, Donald Eye, Roger Pratt, Snow Zirk, and Carlton Hilliard, councilmen; and Samme Gee, bond counsel from Jackson, Kelley, Holt & O'Farrell.

Phyllis J. Sherman, recorder, presented and read the waiver of notice of the meeting signed by Mayor Kuykendall which said waiver of notice is attached to these minutes and becomes a part of the permanent records of the Town of Moorefield.

This meeting was called to read for the first time bond and line of credit ordinances for both the water and the sewer projects and to adopt a resolution establishing the formal procedures for calling special or emergency meetings.

Mayor Kuykendall then turned the meeting over to Samme Gee who first introduced and read by title a resolution establishing the formal procedures for calling special or emergency meetings. The resolution, upon motion of Larry Snyder, seconded by Snow Zirk, was passed as read and upon vote, all members voting in favor of the resolution, the mayor declared the resolution adopted to become effective immediately. The resolution will be placed in the permanent records of the Town of Moorefield.

As the next order of business, Mrs. Gee presented and explained the contents of the Bond and line of Credit Ordinance for the Sewer Reconstruction Project. She then read the ordinance by title, said title being "AN ORDINANCE SUPPLEMENTING AN ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF MOOREFIELD, WEST VIRGINIA, ON JUNE 14, 1983, ENTITLED "ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES A AND UP TO \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983, OF THE TOWN OF MOOREFIELD TO FINANCE CONSTRUCTION OF THE IMPROVEMENTS TO A SEWERAGE SYSTEM"; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MOOREFIELD: AUTHORIZING ISSUANCE OF NOT MORE THAN \$225,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, AND NOT MORE THAN \$75,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OF THE TOWN OF MOOREFIELD TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF OR AVAILABLE TO THE TOWN OF MOOREFIELD THAT MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE

THE COST OF SUCH ACQUISITION AND CONSTRUCTION: PROVIDING FOR THE SALE OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS: AUTHROIZING AN IRREVOCABLE LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED \$500,000 TO PROVIDE FUNDS FOR SUCH ACQUISITION AND CONSTRUCTION PENDING THE RECEIPT OF CERTAIN GRANT PROCEEDS: AND ENACTING OTHER PROVISIONS RELATING THERETO. Upon motion of Snow Zirk, seconded by Carlton Hilliard, council voted to adopt the ordinance and pass it to a second reading on November 3, 1987 and to public hearing on November 16, 1987 at 7:00 P.M.

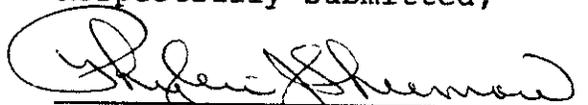
Next, Mrs. Gee introduced the Bond and Line of Credit Ordinance for the water project. She explained that this ordinance authorizes the issuance of water revenue bonds to be used along with other funds to finance the improvements to the town's water system and to establish a line of credit not to exceed \$100,000. She then read the ordinance by title, said title being "AN ORDINANCE SUPPLEMENTING AN ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF MOOREFIELD, WEST VIRGINIA ON OCTOBER 1, 1974, ENTITLED "ORDINANCE AUTHORIZING THE ISSUANCE OF \$245,000 WATER REVENUE BONDS, SERIES 1974 OF THE TOWN OF MOOREFIELD TO FINANCE PART OF THE COST OF IMPROVEMENTS TO THE EXISTING WATERWORKS, DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS: PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTION OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE WATERWORKS"; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD, AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1987, AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF MOOREFIELD WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, TO PROVIDE FOR CAPITALIZED INTEREST DURING CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH: PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS: AUTHORIZING AN IRREVOCABLE LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED \$100,000 TO PROVIDE FUNDS FOR SUCH ACQUISITION AND CONSTRUCTION PENDING THE RECEIPT OF CERTAIN GRANT PROCEEDS, AND ENACTING OTHER PROVISIONS RELATED THERETO. The ordinance, upon motion of Councilman Snyder, seconded by Councilman Eye, was adopted by unanimous vote and passed to a second reading on November 3, 1987 and to a public hearing on November 16, 1987 at 7:00 P.M.

Council, in other business, discussed and on motions duly made, seconded, and passed took the following actions:

- Gave Lions Club permission to have a Christmas Parade on December 4, 1987. (Pratt, Zirk)
- Selected Tom Widder to fill the vacancy on the Park Commission.
- Voted to allow all employees retiring with over fifteen years service to participate in the Earned Extended Insurance Coverage option offered through the State Insurance Plan.
- Phyllis Sherman advised council that the transaction with Hester Industries which involves the exchange of the triangle at Main and Water Street Drive will take place in the morning.

No further business appearing, the council, upon motion, adjourned the meeting.

Respectfully submitted,

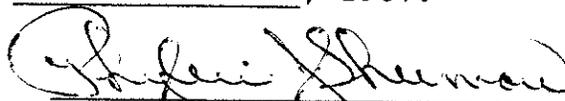

Phyllis J. Sherman, Recorder

3-1-88
Larry D. Kuykendall, Mayor

TOWN OF MOOREFIELD
MOOREFIELD, WV to-wit:

I, Phyllis J. Sherman, Recorder of the Town of Moorefield do hereby certify that the foregoing is a true abstract from the Minutes of the Town of Moorfield entered into the records on 27 day of October, 1987.

Given under my hand and seal of the Town of Moorefield this 19 day of November, 1987.


Recorder



TOWN OF MOOREFIELD

BOND AND LINE OF CREDIT ORDINANCE -- WATER PROJECT

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BOND AND LINE OF CREDIT ORDINANCE

Introduced in Council

Introduced by

Passed by Council

AN ORDINANCE SUPPLEMENTING AN ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF MOOREFIELD, WEST VIRGINIA ON OCTOBER 1, 1974, ENTITLED "ORDINANCE AUTHORIZING THE ISSUANCE OF \$245,000 WATER REVENUE BONDS, SERIES 1974 OF THE TOWN OF MOOREFIELD TO FINANCE PART OF THE COST OF IMPROVEMENTS TO THE EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE WATERWORKS"; AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD; AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1987, AND NOT MORE THAN \$200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF MOOREFIELD WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION, TO FUND RESERVE ACCOUNTS FOR SUCH BONDS, TO PROVIDE FOR CAPITALIZED INTEREST DURING CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; AUTHORIZING AN IRREVOCABLE LINE OF CREDIT IN AN AMOUNT NOT TO EXCEED \$100,000 TO PROVIDE FUNDS FOR SUCH ACQUISITION AND CONSTRUCTION PENDING THE RECEIPT OF CERTAIN GRANT PROCEEDS; AND ENACTING OTHER PROVISIONS RELATED THERETO.

Be It Ordained and Enacted by the Council of the Town of Moorefield, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" shall mean Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "ARC" shall mean the Appalachian Regional Commission and any successor thereto.

C. "Authority" shall mean 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 function of the Authority.

D. "Bond Construction Trust Fund" shall mean the, fund created by Section 5.01(3) hereof.

E. "Bondholder" or "Owner of the Bonds" or "Registered Owner" or "Owner" or any similar term shall mean any person who shall be the registered owner of any outstanding Bond or Bonds, as hereinafter defined.

F. "Bond Registrar" means the bank to be designated such in the Supplemental Resolution, as hereinafter defined, and its successors or assigns.

G. "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

H. "Code" shall mean the United States Internal Revenue Code of 1986 as it may from time to time be amended and any regulations promulgated pursuant thereto or any applicable regulations promulgated pursuant to any predecessor thereto.

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

J. "Consulting Engineers" shall mean William Pallavicini, Consulting Engineer, Petersburg, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Town as Consulting Engineers for the System.

K. "Cost" or "Costs of Project" shall mean those costs described in Section 1.03(G) hereof to be a part of the cost of the acquisition and construction of the Project, as hereinafter defined.

L. "Council" shall mean the Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted.

M. "Depository Bank" shall mean the bank, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such in the Supplemental Resolution, as hereinafter defined, and any successors thereto.

N. "EDA" shall mean the United States Department of Commerce, Economic Development Authority and any successor thereto.

O. "EDA Grant" shall mean the grant from the EDA pursuant to the commitment therefor.

P. "FDIC" shall mean the Federal Deposit Insurance Corporation and any successor to the functions of the FDIC.

Q. "Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

R. "Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including (i) such obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of those described in clause (i), which are irrevocably pledged for such purposes.

S. "Grant Agreement" shall mean a written commitment for the payment of the EDA Grant or any of the Other Grants, the amount of such grant, the terms and conditions under which such grant is made and the date or dates or event or events upon which the grant is to be paid to the Town; provided that "EDA Grant Agreement" means only the Grant Agreement relating to the EDA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

T. "Grant Receipts" shall mean all monies received by the Town on account of any Grant after the date of issuance of the Notes; provided that "EDA Grant Receipts" means only Grant Receipts on account of the EDA Grant and "Other Grant Receipts" means only Grant Receipts on account of any and all Other Grants.

U. "Grants" shall mean, collectively, the EDA Grant and the Other Grants, as hereinafter defined.

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

W. "Independent Accountants" shall mean any certified public accountant or firm of certified public accountants that shall be retained by the Town to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the usual operations of its business and affairs.

X. "Line of Credit" means the irrevocable line of credit in an amount not to exceed \$100,000 authorized by section 4.01.

Y. "Line of Credit Agreement" shall mean the agreement establishing a line of credit, said agreement to be approved in a substantial form by the Supplemental Resolution.

Z. "Loan Agreement" shall mean the Loan Agreement between the Authority and the Town, in substantially the form attached as Exhibit "B" hereto and incorporated herein by reference, with any changes, insertions or deletions as may be requested by the Authority and approved by Supplemental Resolution, as hereinafter defined, providing for the purchase of the Original Primary Bonds from the Town by the Authority.

AA. "Mayor" shall mean the Mayor of the Town.

BB. "Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

CC. "Noteholder," "Holder of the Notes" or any similar term shall mean the person who shall be the registered owner of any outstanding Note or Notes, as hereinafter defined.

DD. "Notes" or "Credit Line Note" shall mean the not more than \$100,000 in aggregate principal amount of a Note or Notes evidencing the Town's obligation to repay any draw upon the Line of Credit originally authorized hereby, and unless the context clearly indicates otherwise, the term "Notes" means any refunding Notes of the Town.

EE. "Notes Registrar" shall mean the Bank to be designated as such in the Supplemental Resolution and its successors and assigns.

FF. "Operating Expenses" shall mean 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, any fiscal agents and the Bond and Note registrars and paying agents (both as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or the principal of the Supplemental 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.

GG. "Ordinance" means this Ordinance, as hereafter amended or supplemented.

HH. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the Original Primary Bonds and the Original Supplemental 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.

II. "Original Notes Purchaser" shall mean in the event a Note or Notes evidencing the Town's obligation to repay any draw upon any Line of Credit are issued, such Bank or Banks as shall be named in a resolution supplemental hereto.

JJ. "Original Primary Bonds" shall mean the not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987, originally authorized by this Ordinance to pay a portion of the Costs of the Project.

KK. "Original Supplemental Bonds" shall mean the not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, originally authorized by this Ordinance to pay a portion of the Costs of the Project.

LL. "Other Grants" shall mean collectively, the Grant from ARC and the Grant from the State of West Virginia, together with any other grants, other than the EDA Grant, hereafter received by the Town to aid in financing any Costs.

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

NN. "Parity Bonds" means, collectively, Parity Primary Bonds and Parity Supplemental Bonds all as hereinafter defined.

OO. "Parity Primary Bonds" shall mean additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Gross Revenues on a parity with the Original Primary Bonds.

PP. "Parity Supplemental Bonds" shall mean additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Gross Revenues on a parity with the Original Supplemental Bonds.

QQ. "Paying Agent" shall mean the West Virginia Municipal Bond Commission or any successor to the functions thereof.

RR. "Primary Bonds" shall mean the Original Primary Bonds and any pari passu additional Primary Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

SS. "Prior Bonds" shall mean the Town's Water Revenue Bonds, Series 1974, dated August 12, 1975, issued in the principal amount of \$245,000 and currently outstanding in the principal amount of \$202,262.13.

TT. "Prior Ordinance" shall mean the ordinance passed by the Council of the Town on October 1, 1974, authorizing the issuance of the Prior Bonds.

UU. "Program" shall mean 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.

VV. "Project" shall mean the additions, betterments and improvements described in Exhibit A attached hereto to the existing waterworks system of the Town.

WW. "Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) 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; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

(c) Any bond, debenture, note, participation certificate or other similar obligation 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;

(d) 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 Federal Deposit Insurance Corporation ("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;

(e) Money market funds or similar funds, the only assets of which are investments of the type described in paragraphs (a) thru (d) above;

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d), 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 owner 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;

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

(h) 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.

XX. "Recorder" shall mean the Recorder of the Town.

YY. "Registrar" shall mean the bank designated as such for the Bonds and for the Notes respectively in the Supplemental Resolution, as hereinafter defined, and any successors thereto.

ZZ. "Renewal and Replacement Fund" shall mean the depreciation fund created by Section 5.01(2) hereof.

AAA. "Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a) hereof.

BBB. "Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Primary Bonds in any year.

CCC. "Revenue Fund" shall mean the revenue fund created by Section 3.02(A) of the Prior Ordinance so long as the Prior Bonds are outstanding and, thereafter, the fund created by Section 5.01(1) hereof.

DDD. "Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

EEE. "State" shall mean the State of West Virginia.

FFF. "Supplemental Bonds" shall mean the Original Supplemental Bonds and any pari passu additional Supplemental Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

GGG. "Supplemental Loan Agreement" shall mean the Supplemental Loan Agreement between the Authority and the Town, in substantially the form attached as Exhibit "C" hereto and incorporated herein by reference, with any changes, insertions, or deletions requested by the Authority and approved by Supplemental Resolution, providing for the purchase of the Original Supplemental Bonds from the Town by the Authority.

HHH. "Supplemental Reserve Account" shall mean the account established in the Supplemental Sinking Fund pursuant to Section 5.02(2)(a) hereof.

III. "Supplemental Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal which will become due on the Supplemental Bonds in any year.

JJJ. "Supplemental Resolution" shall mean any resolution, ordinance or order of the Town supplementing or amending this Ordinance and, when preceded by the article "the", refers specifically to the supplemental resolutions authorizing the sale of the Original Bonds or the Note; 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.

KKK. "Supplemental Sinking Fund" shall mean the fund established by Section 5.02(2) hereof.

LLL. "System" shall mean the complete existing waterworks system now owned by the Town, consisting of a waterworks system in its entirety or any integral part thereof, and includes the Project and any further additions, betterments and improvements thereto.

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

NNN. "Town" shall mean the Town of Moorefield, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

OOO. "WDA Loan Agreements" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement.

PPP. Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine gender include all other genders.

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

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

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

Section 1.02. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended (the "Act"), and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Town now owns a water system, consisting of a waterworks system in its entirety or any integral part thereof, including some or all of 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.

B. The acquisition and construction of the System was financed in part with the proceeds from \$245,000 in principal amount of the Town's Water Revenue Bonds, Series 1974, authorized pursuant to an ordinance of the Town passed on October 1, 1974.

C. The Prior Bonds of the Town are currently outstanding in the principal amount of \$202,262.13.

D. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, betterments and improvements to the System (the "Project") at an estimated cost of \$1,600,000, in accordance with the plans and specifications prepared and revised by the Consulting Engineer, which plans and specifications are on file with the Town, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

F. The estimated gross revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Primary Bonds, the principal of the Supplemental Bonds and all Sinking Fund and other

payments provided for in this Ordinance and the principal of and interest on and debt service requirements for the Prior Bonds and any other payments under the Prior Ordinance. The Primary Bonds will be on a parity as to source of and security for payment with the Prior Bonds.

G. It is deemed necessary for the Town to issue its Original Bonds to permanently finance the costs of acquisition and construction of the additions, betterments and improvements to the System herein described and to issue the Notes to temporarily finance costs of acquisition and construction pending receipt of the Grant Receipts. Said costs shall be deemed to include the cost of the acquisition of any real property involved; the cost of the construction of said additions, betterments and improvements to the System and any other expenses necessary, incidental, desirable or appurtenant to the acquisition and construction of such additions, betterments and improvements to the System; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; expenses for registrars and for paying, fiscal or other agents in connection with the issuance of the Original Bonds or the Notes; fees and expenses of the Authority; interest on the Original Primary Bonds prior to, during and for 6 months after completion of construction of the Project and interest on the Notes for the term thereof; and such other expenses as may be necessary or desirable to said acquisition and construction of the additions, betterments and improvements to the System authorized by this Ordinance and the financing authorized by this Ordinance.

H. It is in the best interests of the Town that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the WDA Loan Agreements.

I. The Town has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to the 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 will have expired without rehearing or appeal prior to the issuance of the Original Bonds.

J. The Town has met the conditions for the issuance of bonds on a parity with the Prior Bonds and the Town has made and will continue to make all payments and has complied with all covenants, agreements and terms required by the Prior Ordinance.

K. The Town is authorized to issue parity bonds on a parity with the first lien of the Prior Bonds issued pursuant to the Prior Ordinance.

L. The Town hereby finds and determines that the net revenues actually derived from the System during the fiscal year immediately preceding the date of the Original Bonds have been more than sufficient to comply with the requirements of Section 4.05(B) of the Prior Ordinance.

M. Prior to the issuance of the Original Bonds, a certified public accountant not in the regular employ of the Town shall file with the Recorder a certificate that the net revenues actually derived from the System during the fiscal year immediately preceding the date of issuance of the Original Bonds shall have been not less than one hundred twenty per centum (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Prior Bonds then outstanding, there being no other obligations then outstanding which are payable from the revenues of the System, or any part thereof, and on the Original Bonds.

N. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

O. It is in the best interests of the Town and its inhabitants to qualify for this small governmental unit exception from the rebate provisions.

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

Q. The Original Bonds are not "private activity bonds" as defined by the Code.

R. Ninety-Five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town.

S. The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued, being 1987, will not exceed \$5,000,000.

T. The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town 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 Code.

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

V. The Bonds will not be federally guaranteed within the meaning of the Code.

W. It is reasonably anticipated that all proceeds of the original Bonds will be spent within three years of May 22, 1986.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Original Bonds, the Notes and any other bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders and Noteholders, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal owners of any and all of such Primary Bonds and of such Supplemental Bonds and Notes, as the case may be, all of which Primary Bonds and Supplemental Bonds, respectively, shall be of equal rank and without preference, priority or distinction between any one Primary Bond and any other Primary Bond or Prior Bond or between any one Supplemental Bond and any other Supplemental Bond, as the case may be, and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purpose of financing a portion of the costs of the acquisition and construction of the Project not otherwise provided, for paying the cost of issuance of the Original Bonds

and, if authorized by Supplemental Resolution, of funding the Reserve Account and the Supplemental Reserve Account or for providing for interest during construction or both, there shall be issued the Original Bonds of the Town. Such Originals Bonds shall be issued contemporaneously with or prior to any issuance of the Notes. The proceeds of the Original Bonds shall be applied as provided in Section 6.01. The Original Bonds shall be issued in two or more series, to be designated, respectively, "Water Revenue Bonds, Series 1987" in an aggregate principal amount of not more than \$500,000, and "Supplemental Water Revenue Bonds, Series 1987," in the aggregate principal amount of not more than \$200,000. The Original Bonds shall be dated as of the date of delivery thereof, shall mature on October 1 in such years, not exceeding forty (40) years after the date of issuance; and in such amounts as shall be set out in Schedule X to the WDA Loan Agreements, respectively. The Original Primary Bonds shall bear interest at the rate not to exceed twelve percent per annum, payable semiannually, on April 1 and October 1 of each year, beginning on the first interest payment date following issuance and delivery of the Original Primary Bonds. The Original Supplemental Bonds bear no interest. The Original Bonds shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with WDA Loan agreements, so long as the Authority shall be the registered owner of the Original Bonds and contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the WDA Loan Agreements and as the Council of the Town shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal 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 mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Primary Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each issue, fully registered to the Authority, with a principal payment schedule record attached, representing the aggregate principal amount of each issue, and shall mature in principal installments, all as provided in the WDA Loan Agreements and said Supplemental Resolution. Bonds shall be

exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town 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 Town before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 shall have been duly 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 Ordinance. 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 3.04. 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 owner, 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 owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

Bonds shall be transferable only upon the books of the Bond Registrar, by the 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 Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. 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; provided, that any such sum or sums incurred upon the initial transfer or exchange, upon the partial redemption of a Bond or by the Authority shall be paid by the Town. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period beginning with the 15 day of the month preceding an interest payment date.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may at the discretion of the Council issue and the Bond Registrar shall authenticate and deliver, a new Bond or Bonds of the tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Owner's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the Town. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.06. Bonds not to be Indebtedness of the Town. The Bonds shall not, in any event, be or constitute an indebtedness of the Town 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 Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues; Supplemental Bonds to be Junior and Subordinate to Primary Bonds. The payment of the debt service of all the Primary Bonds shall be secured forthwith equally and ratably with each other by a shared first lien with the Prior Bonds on the Gross Revenues derived from the System. The payment of the debt service of all the Supplemental 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 Owners of the Primary Bonds and the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due. AS LONG AS THE PRIOR BONDS ARE OUTSTANDING, THE PRIMARY BONDS AND THE SUPPLEMENTAL BONDS SHALL HAVE A LIEN ON THE NET REVENUES OF THE SYSTEM. WHEN THE PRIOR BONDS ARE NO LONGER OUTSTANDING, THE PRIMARY BONDS AND THE SUPPLEMENTAL BONDS SHALL HAVE A LIEN ON THE GROSS REVENUES OF THE SYSTEM.

Section 3.08. Form of Original Bonds. The text of the Original Primary Bonds and Original Supplemental Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

[FORM OF THE ORIGINAL PRIMARY BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF HARDY
TOWN OF MOOREFIELD
WATER REVENUE BONDS,
SERIES 1987

No. R- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia, in Hardy County of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to 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 date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning _____, 198___. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed to the registered owner at the address as it appears on the books of _____, _____, 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 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 as otherwise provided by the Loan Agreement, dated _____, between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing waterworks system of the Town

(the "Project"), (ii) to capitalize interest thereon, and (iii) [to fund a reserve account therefor, 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"), an Ordinance duly enacted by the Town on the _____ day of _____, 1987, and a Supplemental Resolution adopted by the Town on the _____ day of _____, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Supplemental Water Revenue Bonds, Series 1987 of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of \$ _____, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO THE LIENS AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE WATER REVENUE BONDS, SERIES 1974, DATED AUGUST 12, 1975, OF THE TOWN (THE "PRIOR BONDS"), OUTSTANDING ON THE DATE OF ORIGINAL ISSUANCE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$ _____.

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

year of principal of and interest on all obligations on a parity or prior to the Bonds, payable from such revenues, including the Prior Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any year and in the reserve account for the Prior Bonds an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1987.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Water Revenue Bonds, Series 1987 described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

Dated: _____

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 said Bond on the books kept for registration of the within Bond of the Town with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

[FORM OF THE ORIGINAL SUPPLEMENTAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF HARDY
TOWN OF MOOREFIELD
SUPPLEMENTAL WATER
REVENUE BOND, SERIES 1987

No. SR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia, in Hardy County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or respected 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.

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

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 as otherwise provided by the Supplemental Loan Agreement, dated _____, between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing waterworks system of the Town (the "Project"), and (ii) [to fund a reserve account therefor, 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"), an Ordinance duly enacted by the Town on the _____ day of _____, 1987, and a Supplemental Resolution adopted by the Town on the _____ day of _____, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for

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

THIS BOND IS ISSUED CONTEMPORANEOUSLY WITH THE WATER REVENUE BONDS, SERIES 1987, OF THE TOWN (THE "PRIMARY BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____, WHICH PRIMARY BONDS RANK PRIOR WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT TO THE BONDS OF THIS ISSUE. THIS BOND IS ALSO JUNIOR AND SUBORDINATE TO THE TOWN'S WATER REVENUE BONDS, SERIES 1974, DATED AUGUST 12, 1975, OUTSTANDING ON THE DATE OF ORIGINAL ISSUANCE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "PRIOR BONDS"), WHICH PRIOR BONDS ARE ON A PARITY WITH THE PRIMARY BONDS.

This Bond is payable only from and secured by a pledge of a second lien on the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Supplemental Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operation and maintenance expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same except from said special fund provided from the Gross Revenues, the moneys in the Supplemental Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with any 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 year of principal of the Bonds and of principal of and interest on all obligations on a parity or prior to the Bonds, including the Primary Bonds and the Prior Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal which will become due on the Bonds and any bonds on a parity therewith in any year, and in the reserve accounts for the Prior Bonds and the Primary Bonds amounts equal to the respective requirements therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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 Ordinance 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 owner of this Bond; provided that such lien on moneys deposited in the Construction Trust Fund created by the Ordinance shall be subordinate to that of the Primary 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 Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1987.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Water Revenue Bonds, Series 1987 described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

Dated: _____

_____ ,
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 said Bond on the books kept for registration of the within Bond of said Town with full power of substitution in the premises.

Dated: _____, _____.

In the presence of:

Section 3.09. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the WDA Loan Agreements. Execution and delivery to the Authority of the WDA Loan Agreements by the Mayor and the Recorder are hereby specifically authorized, confirmed and ratified. The WDA Loan Agreements are specifically incorporated into this Ordinance.

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. As a method of providing funds for the acquisition and construction of the Project pending receipt of the Grant Receipts, the Mayor of the Town is hereby authorized, if in the best interest of the Town and necessary to complete the Project, to arrange for a Line of Credit in an amount not to exceed \$100,000. The amount and terms of the Line of Credit, if any, shall be approved by a resolution supplemental hereto.

Section 4.02. Authorization of Credit Line Note. For the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there shall be issued the Credit Line Note of the Town in an amount and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note shall be issued in fully registered form and shall be dated as of the date of delivery thereof. There shall be attached to the Credit Line Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount of each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest payable at such times and at a rate set forth in a supplemental resolution but not to exceed 12 percent per annum. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature on such date, not to exceed thirty (30) months from the date thereof, and shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the

foregoing, the terms of the Credit Line Note, other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of a registrar, designated in a resolution supplemental hereto, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that any partial payment of principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments attached to the Credit Line Note, and the Credit Line Note shall be returned to the Owner. Interest on the Credit Line Note shall be paid by check or draft mailed to the Owner thereof at the address as it appears on the books of said registrar; provided, that, at the option of the Owner, such payment may be made by wire transfer or such other method as shall be agreeable to the Owner, the Town and said registrar.

Section 4.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Town by the signature of its Mayor, and the seal of the Town shall be affixed hereto and attested by the signature of the Recorder. Any Credit Line Note may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Town, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Town which shall be kept for that purpose at the office of the registrar (in such capacity and in the capacities of authenticating agent and paying agent as hereinafter provided, the "Note Registrar") by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the registered owner or his duly authorized attorney. Upon the

transfer of the Credit Line Note, there shall be issued at the option of the Owner or the transferee another Credit Line Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note but reflecting only the indebtedness set forth on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance and the Supplemental Resolution. All Credit Line Notes surrendered in any such transfers shall forthwith be cancelled by the Note Registrar. For every such transfer of Credit Line Notes, the Note Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Credit Line Note upon each transfer, and any other expenses of the Note Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Note Registrar shall not be obliged to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on the Credit Line Notes or after notice of any prepayment of the Credit Line Notes has been given.

Section 4.05. Form of Credit Line Note. The text of the Credit Line Note shall be in substantially the form to be set forth in the Line of Credit Agreement, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any supplemental resolution or ordinance adopted or enacted prior to the issuance thereof. The Credit Line Note shall not become valid until authenticated by the Note Registrar.

Section 4.06. Proceeds of Draw Under the Line of Credit Agreement. The proceeds of any draw made by the Town under the Line of Credit Agreement shall be immediately deposited in the Bond Construction Trust Fund established with the Depository Bank and expended in accordance with Section 6.02 hereof.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by the Depository Bank:

- (1) Revenue Fund (when the Prior Bonds are no longer outstanding);
- (2) Renewal and Replacement Fund (when the Prior Bonds are no longer outstanding); 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) Sinking Fund;
 - (a) Within the Sinking Fund, the Reserve Account.
- (2) Supplemental Sinking Fund;
 - (a) Within the Supplemental Sinking Fund the Supplemental Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. As long as the Prior Bonds are Outstanding, the entire Gross Revenues shall be deposited pursuant to the terms of the Prior Ordinance. When the Prior Bonds are no longer Outstanding, 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 Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank and used only for the purposes and in the manner therein provided.

(1) So long as any of the Prior Bonds is outstanding, the Town shall, each month, make the payment required by Section 3.02(B)(1) of the Prior Ordinance.

(2) So long as any of the Prior Bonds is outstanding, the Town shall, each month, on or before the due date of each principal and interest installment on the Prior Bonds, transfer from the Revenue Fund and pay said installment as provided in the Prior Ordinance; provided, however, that such payment shall be made simultaneously with the payments for the Primary Bonds set forth in Paragraphs (3) and (4) hereof and in the event that funds are not available in the Revenue Fund to pay or to make both payments, the payments shall be made pro rata.

(3) Simultaneously with the payment set forth in 5.03(2) above, from the money remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing

seven months prior to the first date of payment of interest on the Primary 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 Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Primary Bonds on the next ensuing semiannual interest payment date or, if less than 6 months exist between the first payment and the next ensuing semiannual interest payment date, then the payments shall be pro rated.

(4) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Primary Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Original Bonds on the next ensuing principal payment date.

(5) So long as any of the Prior Bonds is outstanding, the Town shall make any payment required by Section 3.02(B)(3) of the Prior Ordinance simultaneously with the payment set forth in 5.03(6) below.

(6) The Town shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Primary Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Reserve Account in the Sinking Fund, an amount equal to 1/120th of the Reserve Requirement; provided, that no further payments shall be made into the Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Reserve Requirement. If the Town deposits the Reserve Requirement in the Reserve Account when the Primary Bonds are issued and delivered, then no monthly deposits are required unless the Reserve Account is drawn upon and contains less than the Reserve Requirement.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Primary Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Primary Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, shall be returned to the Town for deposit in the Revenue Fund and applied to the next ensuing interest payment.

Any withdrawals from the Reserve Account which result in a reduction in the balance of the Reserve Account to below the Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all payments required pursuant to paragraphs (1) through (4), above have been made in full. In the event that funds are not available in the Revenue Fund to comply with both paragraphs (5) and (6), the payments shall be made pro rata.

(7) The Town shall not be required to make any further payments into the Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Sinking Fund and said Reserve Account is at least equal to the aggregate principal amount of and interest on the Primary Bonds issued pursuant to this Ordinance then Outstanding.

(8) When the Prior Bonds are no longer outstanding, from the moneys remaining in the Revenue Fund, the Town shall next, on the first day of each month, commencing the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2-1/2% of the Gross Revenues each month, exclusive of payments for account of the Reserve Account in the Sinking Fund. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Town or of the Depository Bank and shall be invested and reinvested in accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in the Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(7)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund. So long as the Prior Bonds are outstanding, the depreciation fund created by Section 3.02(B)(4) of the Prior Ordinance (the "Depreciation Fund") shall be funded in accordance with said section, provided that said deposit shall always at least equal 2-1/2% of the Gross Revenues each month, exclusive of payments for account of the Reserve Account, and provided, further, that only the amount in the Depreciation Fund exceeding the amount that should be deposited on account of the Bonds may be used to purchase or redeem Prior Bonds.

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

(10) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Supplemental Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Reserve Account, an amount equal to 1/120th of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement. If the Town deposits the Supplemental Reserve Requirement in the Supplemental Reserve Account when the Supplemental Bonds are issued and delivered, then no monthly deposits are required unless the Supplemental Reserve Account is drawn upon and contains less than the Supplemental Reserve Requirement.

Moneys in the Supplemental Sinking Fund shall be used only for the purposes of paying principal of the Supplemental Bonds as the same shall become due. Moneys in the Supplemental Reserve Account in the Supplemental Sinking Fund shall be used only for the purpose of paying principal of the Supplemental Bonds, as the same shall come due, when other moneys in the Supplemental Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Supplemental Reserve Account shall be transferred, no less than once each year, to the Bond Construction Trust Fund prior to completion of the Project, and thereafter shall be returned to the Town for deposit in the Revenue Fund and applied to the next ensuing semiannual interest payment.

Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments prescribed above have been made in full.

(11) Thereafter, after the payment in full of the Prior Bonds, the Town shall, each month, pay from the Revenue Fund current Operating Expenses of the System.

B. As and when additional Bonds ranking on a parity with the Original Primary Bonds or the Original Supplemental Bonds are issued, provision shall be made for additional payments into the respective Sinking Fund sufficient to pay any interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in each respective Reserve Account in an amount equal to the respective Reserve Requirement.

The Commission is hereby designated as the fiscal agent for the administration of the respective Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Town at the times provided herein.

The payments into the respective 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 Ordinance.

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The respective Sinking Funds, including the respective 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 with either thereof that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the funds and accounts (other than the revenue fund) created on account of the Prior Bond and into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System, including as a pledge for the payment of the Notes.

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

E. 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.

F. 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.

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

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

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Original 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. If required by the Supplemental Resolution, the amount of the proceeds of the Original Primary Bonds specified in the Supplemental Resolution shall be deposited in the Sinking Fund at the Commission and used to pay interest during the period of construction of the Project and for not more than six (6) months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds of the Original Bonds which shall be at least sufficient to fund the Reserve Account Requirement and the Supplemental Reserve Requirement shall be first credited to the Bond Construction Trust Fund and then deposited in the Reserve Account and the Supplemental Reserve Account, respectively, with the Commission; provided, that such amounts shall not exceed in the aggregate ten percent (10%) of the proceeds of the Original Bonds.

C. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the costs of issuance.

Section 6.02. Bond Construction Trust Fund. There is hereby created and established with the Depository Bank a special fund to be known as the "Town of Moorefield Water Bond

Construction Trust Fund," which fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of the Projects, and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in the Depository Bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance with Article VIII. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds (i) shall be used to make up any deficiency in the Reserve Account or the Supplemental Reserve Account or to fund the Reserve Accounts at the respective requirements therefore; (ii) thereafter may, instead during the period of three years from May 22, 1986 be used for construction and acquisition of other capital construction or acquisition needs of the System; and (iii) if the Reserve Accounts are fully funded and no deficiencies exist, shall be deposited by the Town in escrow with an escrow trustee and used to redeem Original Bonds at the first redemption date and, prior thereto, to pay a proportionate amount of principal of the Original Bonds by depositing into the Sinking Fund and the Supplemental Sinking Fund respectively, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the Original Primary Bonds and the Original Supplemental Bonds, as the case may be.

All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the owners of the Original Bonds with the lien on behalf of the Original Supplemental Bond being subordinate and junior to that of the Original Primary Bond.

Expenditures or disbursements from said Bond Construction Trust Fund, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Original Bonds, shall be made only after such expenditures or disbursements shall have been approved in writing by the Council and the Consulting Engineers.

ARTICLE VII

ADDITIONAL COVENANTS OF THE TOWN

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

Until the payment in full of the principal of and interest on the Notes, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, also inure to the benefit of the Owners of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Town, enforceable in any court of competent jurisdiction by any Owner or Owners of said Notes; provided, that Section 7.04 shall not be applied to the Notes.

Section 7.02. Bonds and Notes Not To Be Indebtedness of the Town. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the respective Reserve Account, or the Grant Receipts as herein provided. No Owner or Owners of any Bonds or Notes issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Statutory Mortgage Lien. The payment of the debt service of all of the Primary Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien shared with the Prior Bonds on the Gross Revenues derived from the operation of the System, and payment of the debt service of the Supplemental 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 owners of the Primary Bonds and the Prior Bonds, to the extent necessary to make the payments required under Section 5.03 of this Ordinance. The Gross Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Bonds herein authorized and the Prior Bonds, and to make the payments into

the respective Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Ordinance and the Prior Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance and the Prior Ordinance to the payment of the principal of and any interest on the Bonds herein authorized and the Prior Bonds as the same become due and for the other purposes provided in this Ordinance and the Prior Ordinance.

For the further protection of the owners of the Original Bonds, the statutory lien upon the System created by Section 8 of the Act is hereby specifically recognized by the Town.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established by a separate ordinance 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 rates and charges shall be effective as prescribed by State statutes and the rules and regulations of the Public Service Commission of West Virginia (the "PSC"). The schedule of rates and charges shall at all times to be adequate to produce Gross Revenues from said System sufficient to make the prescribed payments into the funds created hereunder and under the Prior Ordinance and to pay Operating Expenses. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Town hereby covenants and agrees that the schedule of rates or charges for the services of the System from time to time in effect shall be sufficient, together with any other revenues of the System, (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Prior Bonds, the Primary Bonds and the Supplemental Bonds and all other obligations secured by or payable from the System prior to or on a parity with the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account, an amount at least equal to the Supplemental Reserve Requirement is on deposit in the Supplemental Reserve Account and the reserve account for the Prior Bonds is funded at least at the requirement provided for in the Prior Ordinance, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and and any such prior or parity obligations, including the Prior Bonds.

So long as any of the Bonds issued hereunder shall remain outstanding and unpaid, the following rates shall be the minimum monthly rates to be charged for the services rendered by said System:

Rates

Available for general domestic, commercial, and industrial service

First	2000 gallons per month	\$2.10 per 1000 gals.
Next	3000 gallons per month	.77 per 1000 gals.
Next	195,000 gallons per month	.75 per 1000 gals.
Next	2,800,000 gallons per month	.72 per 1000 gals.
All Over	3,000,000 gallons per month	.72 per 1000 gals.

provided, that no monthly charge for any water supplied to any premises or through any meters shall be less than four dollars and twenty cents.

Users of water beyond the city limits shall pay monthly charges therefor as hereinbefore provided for resident users, plus an additional one dollar.

MINIMUM MONTHLY CHARGES FOR MULTIPLE DWELLINGS

1 Family	\$ 4.20
2 Family	8.40
3 Family	12.60
4 Family	16.80
5 Family	21.00
6 Family	25.20

Multiple family units are billed on a minimum charge for each unit unless the consumption billing exceeds the minimum billings.

(Minimum Monthly Bill \$4.20)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within fifteen (15) days of date of bill, ten percent (10%) will be added to net amount shown.

Section 7.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 7.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Prior Bonds and the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the appropriate Sinking Funds, and the Town shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of Prior Bonds and Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted and at the redemption price, of all other outstanding Prior Bonds and Bonds. Any balance remaining after the redemption or payment of all the Prior Bonds and Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, and subject to any requirement of the Prior Ordinance so long as any of the Prior Bonds is outstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), the Town shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Town Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$10,000 but not in excess of \$50,000, the Council shall first, in writing, determine with the written approval of the Consulting Engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, 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, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Town to the Commission for deposit in the appropriate sinking funds and shall be applied only to the redemption of Prior Bonds or Bonds of the last maturities then outstanding or to the purchase of Prior Bonds or Bonds of the last maturities then outstanding at prices not greater than the redemption price of such Prior Bonds or Bonds. Such payments 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 Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars (\$50,000) and insufficient to pay or redeem prior to maturity all the Prior Bonds and the Bonds then outstanding without the prior approval and consent in writing of the Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Prior Bonds and the Bonds then Outstanding. The Town shall prepare the form of such approval and consent for execution by the then Owners of the Prior Bonds and the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, 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 Supplemental Bonds or, if no Supplemental Bonds are outstanding, with the Primary Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the Town payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects, to the Prior Bonds and to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective 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 Town shall not create, or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said pari passu additional Bonds, 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 Ordinance or upon the System or any part thereof.

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No Primary Parity Bonds shall be issued so long as any Supplemental Bonds are Outstanding. No Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of Bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineer, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (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 three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

(1) The Prior Bonds and any other obligations secured by or payable from the Revenues prior to or on a parity with the Bonds;

(2) The Original Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (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 any increase in rates enacted by the Town, the time for appeal of which shall have expired without any successful appeal or rehearing 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 Engineer, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (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 Engineer and the Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the time for appeal of which shall have expired without any successful appeal or rehearing prior to issuance of such Parity Bonds.

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

All the covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the owners of the Original Primary Bonds and the owners of any Parity Primary Bonds and the owners of the Original Supplemental Bonds and the Parity Supplemental Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Primary Bonds, regardless of the time or times of their issuance, and all the Supplemental Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Primary Bond over any other or any Supplemental Bond over any other. The Town shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the outstanding Prior Bonds, Primary Bonds and Supplemental Bonds on such revenues.

Parity Bonds shall be not issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance and the Prior Ordinance on account of the Prior Bonds and the Bonds then outstanding, and any other payments provided for in this Ordinance or the Prior Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds.

Notwithstanding the foregoing, the Town may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity all or a part of,

any issues or series of the Bonds or the Prior Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be outstanding than the annual debt service required in such year if the Bonds or Prior Bonds to be refunded were not so refunded.

With the written consent in advance of the Authority and anything to the contrary in this Section 6.08 notwithstanding, both Parity Primary Bonds and Parity Supplemental Bonds may be authorized and issued by the Town pursuant to Supplemental Resolution solely to complete the Project in accordance with the plans and specifications, as described in the Town's Program application to the Authority in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Recorder a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

As long as any Supplemental Bonds are outstanding, the Town may issue Parity Supplemental Bonds upon satisfaction of the tests set forth above and taking into consideration all debt service requirements on all bonds superior to the Supplemental Bonds, the Supplemental Bonds and including the proposed Parity Supplemental Bonds.

Section 7.09. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks and flood and business interruption. The Town requires that each of its contractors and also 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 terms satisfactory to the Authority, so long as the Authority is the Owner of the Original Bonds. The Town will itself, or require each contractor and subcontractor to, obtain and maintain builders' risk insurance (fire and extended coverage) to protect the interest of the Town, the Authority, the prime contractor and

also all subcontractors, as their interests may appear, in accordance with the WDA Loan Agreements, during construction of the Project in the full insurable value thereof. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. Unless otherwise required by the Prior Ordinance, the proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is required by the Authority, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

Section 7.10. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail itself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. 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 7.11. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System shall remain unpaid for a period of thirty (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. The Town further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore services of the System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

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

Section 7.13. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to this Ordinance shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Town relating thereto.

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

The Town shall file with the Consulting Engineer and the Authority, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance, and the status of all said funds.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Owner or Owners of Bonds issued pursuant to this Ordinance, and shall submit said report the Authority. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the WDA Loan Agreements and this Ordinance.

Section 7.14. Operating Budget. The Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed 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 Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (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 Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who requests in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 7.15. Connection. 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.

Section 7.16 Convenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the Town deems desirable or necessary prior to the issuance of the

Bonds, including but not limited to amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the Town shall without consent of the Owners of any Bonds or Notes, as the case may be, amend or supplement this Ordinance by resolution supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax exempt status of the Bonds or Notes. The Counsel of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution to comply with the Code. In its determination to amend or supplement this Ordinance, the Town may rely on the opinion nationally recognized by Counsel.

Section 7.17. Public Purpose Bonds. The Town shall use the Original Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the Town.

Section 7.18. Private Activity Bond Covenant. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town 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 Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 7.19. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 7.20. Federal Guarantee Covenant. The Bonds, in whole or in part, are not and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 7.21. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted pursuant to Sections 7.17 and 7.18, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town. The Town reasonably expects it and all its subordinate entities to issue less than \$5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar

year, being 1987, in which the Original Bonds are to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town 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 VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Unless otherwise specifically provided herein, 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, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, and on the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, shall be transferred at least annually, prior to completion of the Project, to the Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be. 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. Investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, 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 of such liquidation. Such Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town 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 Code, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto.

Section 8.03 Restriction of Yield on Bond Proceeds. The Town shall comply with the yield restriction, if any, on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or a owner of such Bonds; or

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

An "Event of Default" with respect to the Bonds shall not constitute an event of default with respect to the Notes and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any event of default with respect to any Primary Bonds or Supplemental Bonds, as the case may be, any Registered Owner of such 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 Town to perform its duties under the Act and the Ordinance 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 such Bonds, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the registered owners of such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners, provided, however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely effects any remedy available to the Bondholders, and further provided, that all rights and remedies of the Supplemental Bondholders shall be subject to those of the Primary and Prior Bondholders and that all rights and remedies exercised by the Primary Bondholders shall recognize the shared lien of the Prior Bondholders.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including 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 default in the payment of interest on any Primary Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Town of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Prior Bonds, the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of any Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to

become due thereon, at the times and in the manner respectively stipulated therein and in this Ordinance, then the respective pledges of Gross Revenues, reserve accounts, unexpended Bond proceeds, and any other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the Town to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the Town, execute and deliver to the Town all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the Town all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

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, whether by maturity or redemption, the respective principal of, redemption premium, if any, and interest on such Bonds shall 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 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 Commission at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of, redemption premium, if any, and interest on said Bonds on and prior to the maturity or redemption dates, as applicable, thereof, such Bonds shall also be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. 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 respective principal of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 respective principal of and interest to become due on said Bonds on and prior to such redemption date or maturity dates thereof as the case may be, and interest earned from such investments shall be paid over the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations. Also for the purposes of the section, the Commission may act by an agent.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Commission at such date, or for two years after the date of deposit of such moneys if deposited with the Commission after said date when such Bonds became due and payable, shall, at the written request of the Town, be repaid by the Commission to the Town, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto, and the Bondholders shall look only to the Town for the payment of such Bonds; provided, however, that before being required to make any such payment to the Town, the Commission shall, at the expense of the Town, mail to the registered owner of the particular Bond and cause to be published at least once in a financial journal or newspaper published daily (except Saturday, Sunday and holidays) in the English language and in circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the publication of such notice, the balance of such moneys then unclaimed will be returned to the Town.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Primary Bonds and of the Supplemental Bonds then outstanding and to be affected by said modification; provided, however, 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 Town to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

(SEAL)

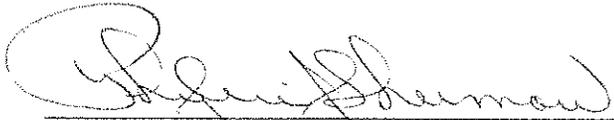

Recorder

EXHIBIT A

WATER SYSTEM IMPROVEMENTS
TOWN OF MOOREFIELD, HARDY COUNTY, WEST VIRGINIA

Project Description

The purpose of the project is to upgrade and increase the capacity of the water treatment plant, provide additional system storage, and install a connecting water transmission main between the water plant and the new storage facility. Presently, the capacity of the water treatment plant and storage system in Moorefield is severely overburdened due to the growing industrial water demand.

Key elements of the water system improvements program are described as follows:

1. Modify raw water intake pipes, add screens and backwash facilities.
2. Replace raw water pumps.
3. Replace chemical feeders.
4. Retrofit sedimentation basins by addition of settling tubes and mechanical sludge removal equipment.
5. Replace filter media and install surface wash on each filter.
6. Provide additional clearwell capacity.
7. Replace high head pumps.
8. Repair or replace filter control valves.
9. Repair deteriorated concrete.
10. Construct a 1.5 million gallon steel storage tank.
11. Install approximately 12,000 linear feet of 10 and 12 inch water transmission main with appurtenances between the water plant and the new storage tank.

EXHIBIT B

Item No. 17--Loan Agreement

EXHIBIT C

Item No. 18--Supplemental Loan Agreement

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Town of Moorefield, Hardy County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the Town of Moorefield, such records being in the custody of the undersigned and maintained at the Town of Moorefield, Town Hall, Moorefield, Hardy County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

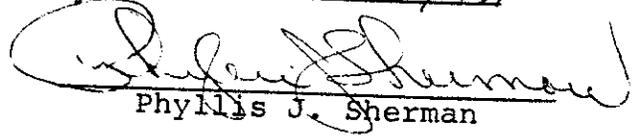
Dated this ____ day of _____, 1987.

Recorder

[SEAL]

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Resolution adopted November 3, 1987.


Phyllis J. Sherman

Date: 11/20/87

A Resolution finding that an ordinance was adopted by the Council of the Town of Moorefield, West Virginia, on November 3, 1987, supplementing an ordinance adopted by the Council of the Town of Moorefield, West Virginia, on October 1, 1974, entitled "Ordinance authorizing the issuance of \$245,000 Water Revenue Bonds, Series 1974 of the Town of Moorefield to finance part of the cost of improvements to the existing waterworks; defining and prescribing the terms and provisions of the Bonds; providing for the fixing, establishing and collecting of rates and charges for the services and facilities of the waterworks"; authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Town of Moorefield; authorizing the issuance of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987, and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, to be used, along with other funds and moneys of or available to the Town of Moorefield that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; to fund reserve accounts for such Bonds; to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the sale of such Bonds to the West Virginia Water Development Authority and providing for the rights and remedies and security for the owners of the such Bonds; authorizing an irrevocable line of credit in an amount not to exceed \$100,000 to provide funds for such acquisition and construction pending receipt of certain grant proceeds, all as more fully set out therein; finding that an abstract of said ordinance, together with a notice that said ordinance has been adopted, that the Town of Moorefield contemplates the issuance of the Water Revenue Bonds, Series 1987, the Supplemental Water Revenue Bonds, Series 1987, and an irrevocable line of credit all as described in said ordinance, and that any person interested may appear before the Council of the Town of Moorefield upon a certain date and present protests, must be published; reviewing the abstract prepared on behalf of the Town Recorder and determining that such abstract contains sufficient information as to give notice of the contents of said ordinance; and directing the publication of such abstract, together with said notice.

WHEREAS, the Council of the Town of Moorefield, West Virginia (the "Council"), on November 3, 1987, adopted an ordinance supplementing an ordinance passed by the Council on October 1, 1974, entitled "Ordinance authorizing the issuance of \$245,000 Water Revenue Bonds, Series 1974 of the Town of Moorefield to finance part of the cost of improvements to the existing waterworks; defining and prescribing the terms and provisions of the Bonds; providing for the fixing, establishing and collecting of rates and charges for the services and facilities of the waterworks"; authorizing the acquisition and

construction of certain extensions, additions, betterments and improvements to the waterworks system of the Town of Moorefield (the "Town"); authorizing the issuance of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds; Series 1987, and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, of the Town, to be used, along with other funds and moneys of or available to the Town that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; to fund reserve accounts for such bonds; to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the sale of such Bonds to the West Virginia Water Development Authority and providing for the rights and remedies and security for the owners of such Bonds; authorizing an irrevocable line of credit in an amount not to exceed \$100,000 to provide funds for such acquisition and construction pending receipt of certain grant proceeds, all as more fully set out therein (said ordinance is hereinafter referred to as the "Ordinance"); and

WHEREAS, Chapter 8, Article 19, Section 5 of the Code of West Virginia, 1931, as amended (the "Act") requires that an abstract of the Ordinance, together with a notice that the Ordinance has been adopted, that the Town contemplates the issuance of the Water Revenue Bonds, Series 1987, the Supplemental Water Revenue Bonds, Series 1987, and an irrevocable line of credit all as described in the Ordinance and that any person interested may appear before the Council upon a certain date and present protests, be published; and

WHEREAS, the Act further requires that such abstract of the Ordinance be determined by the Council to contain sufficient information to give notice of the contents of the Ordinance; and

WHEREAS, the Town Recorder presented to this meeting an abstract of the Ordinance (the "Abstract"), together with a notice as described above (the "Notice"), as hereinafter set forth; and

WHEREAS, the Council of the Town has reviewed the Abstract and has found and determined that such Abstract contains sufficient information as to give notice of the contents of the Ordinance;

NOW, THEREFORE, Be It Resolved by the Council of the Town of Moorefield, West Virginia, as Follows:

1) It is hereby found and determined that the Ordinance was duly adopted by the Council at its regular meeting held on November 3, 1987, and that the Act requires that the Abstract, together with the Notice, be published.

2) The Abstract, together with the Notice as prepared on behalf of the Town Recorder in the following form and substance, contains sufficient information as to give notice of the contents of the Ordinance:

Notice is hereby given to any person interested that on November 3, 1987, the Council of the Town of Moorefield, West Virginia (the "Town"), adopted an ordinance that

1. Determined that it is necessary and desirable for the health, welfare and safety of the inhabitants of the Town that there be constructed certain extensions, additions, improvements and betterments to the existing waterworks system of the Town, consisting primarily of upgrading and increasing the capacity of the water treatment plant, providing additional system storage, and installing a connecting water transmission main between the water plant and the new storage facility (the "Project") (the existing facilities, together with the Project and any further extensions, additions, improvements and betterments thereto, are hereinafter referred to as the "System"). The estimated cost of the Project is \$1,600,000, in accordance with the plans and specifications prepared therefor by William Pallavicini, Petersburg, West Virginia (the "Consulting Engineer"), which plans and specifications are on file with the Town.

2. Determined that it is in the best interest of the Town to authorize acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Bonds"), and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"; together with the Bonds, the "Bonds").

3. Provided for the sale of the Bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and provisions of the respective loan agreements to be entered into between the Town and the Authority.

4. Determined that the Town currently has outstanding \$202,262.13 in Water Revenue Bonds, Series 1974, (the "Prior Bonds"), which have a first lien on the revenues of the System.

5. Determined that the Town is authorized to issue parity bonds, on a parity with the first lien of the Prior Bonds on the revenues derived from the System; determined that the revenues from the System have been and are more than sufficient to comply with the parity requirements of the ordinance authorizing the Prior Bonds; and provided that prior to the issuance of the Bonds, the Town shall receive a certificate from a certified public accountant that the revenues derived from the System during the fiscal year immediately preceding the date of issuance of the Bonds shall have been not less than one hundred twenty per centum (120%) of the average amount which will mature or become due in any succeeding fiscal year for the principal of and interest on the Prior Bonds and on the Bonds.

6. Determined that the Prior Bonds and the Bonds shall share a first lien as to the source of and security for payment and the Supplemental Bonds shall have a second lien as to the source of and security for payment.

7. Determined that it is in the best interest of the Town to have established and authorized establishment of a line of credit in an amount not to exceed \$100,000 (the "Line of Credit") to provide funds for such acquisition and construction of the Project pending receipt of certain grant proceeds.

8. Authorized and directed the Mayor of the Town to execute a note regarding the Line of Credit (the "Line of Credit Note").

9. Authorized the issuance by the Town of the Line of Credit Note in an amount not to exceed \$100,000 for the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and, thus, temporarily financing a portion of the cost of acquisition and construction of the Project pending receipt of grant proceeds.

10. Provided that the Line of Credit Note shall evidence only the indebtedness recorded on the record of advances attached thereto, shall bear interest at a rate not to exceed twelve percent (12%) per annum, shall mature on such date not to exceed thirty (30) months from the date thereof, subject to such further terms as set forth by the Line Credit Agreement or a Supplemental Resolution.

11. Authorized the continuation or establishment of a Revenue Fund and provided for the disposition of System revenues; provided for the payment of operation and maintenance expenses; provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal of and interest on the Bonds and the payment of principal of the Supplemental Bonds; provided for the creation of Reserve Accounts for the Bonds, respectively; provided for the continuation or establishment of a Renewal and Replacement Fund and the deposit of revenues therein and use thereof; and provided for the use of excess funds of the System.

12. Provided for the disposition of Bond proceeds; created the Bond Construction Trust Fund to hold the Bond proceeds pending their use for Project costs and provided for liens by the owners of the Bonds on the funds held in the Bond Construction Trust Fund until expended for Project costs; and provided for the disposition of excess Bond proceeds.

13. Provided that the Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System or from the respective Reserve Accounts.

14. Provided that the Bonds shall have a lien on the net revenues of the System which is on a parity with the lien of the Prior Bonds, but senior and superior to the lien of the Supplemental Bonds and further provided that after the Prior Bonds are

paid, the Bonds and Supplemental Bonds shall have a lien on the gross revenues of the System.

15. Provided for the minimum rates and charges for the System as set forth in the rate ordinance adopted by the Town on April 7, 1987, and required that the rates and charges for the System always be sufficient to pay operation and maintenance expenses and all the prescribed payments into the funds created by the ordinance authorizing the Prior Bonds and the Ordinance and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the Prior Bonds, the Bonds, the Supplemental Bonds and any other bonds prior to or on a parity with either series of Bonds in any year.

16. Provided for the sale, mortgage or lease of the System under certain terms and conditions.

17. Authorized the issuance of additional bonds on a parity with the Bonds only upon compliance with certain terms and conditions.

18. Provided for insurance coverage on the System; provided that the Town will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

19. Provided for the investment of the Bond proceeds and limitations thereon; provided for covenants against making the Bonds "arbitrage bonds."

20. Established the terms for defaults and the remedies of the owners of the Bonds.

21. Provided for the method of respectively defeasing the Bonds.

22. Provided a restrictive method of modification or amendment of the Ordinance.

The Town contemplates the issuance of the Bonds, the Supplemental Bonds and the irrevocable line of credit described in, and under the conditions set forth in, the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Moorefield at a meeting thereof at 7 p.m., prevailing time, on Monday, November 16, 1987, in the Council Chambers in the Town Office, Winchester Avenue, Moorefield, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on November 3, 1987, is on file in the office of the Town Recorder of the Town for review by interested persons during the regular office hours of such office, to-wit: 9:00 a.m. to 4:00 p.m., Mondays through Fridays.

Recorder of the Town of
Moorefield, West Virginia

3) The Town Recorder, as provided in the Notice, shall maintain in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office.

4) The Council of the Town, as provided in the Notice, shall meet on Monday, November 16, 1987, at 7 p.m., in Council Chambers in the Town Office, for the purpose of hearing all objections and suggestions regarding whether the Ordinance shall be put into effect.

5) The Town Recorder is hereby authorized and directed to cause the Abstract, together with the Notice, to be published as a Class II legal advertisement in the The Moorefield Examiner, a newspaper of general circulation in the Town, and the first publication of such Abstract and Notice shall be not less than ten days before the date set aforesaid at which interested persons may appear before the Council of the Town and present protests, and the last publication of such Abstract and Notice shall be prior to said date set aforesaid.

6) At such hearing, all objections and suggestions shall be heard, and the Council of the Town shall take such action as it shall deem proper in the premises; provided, however, that, if at such hearing written protest is filed by thirty percent (30%) or more of the freeholders of the municipality, then the Council of the Town shall not take further action unless four-fifths (4/5) of the qualified members of said Council assent thereto.

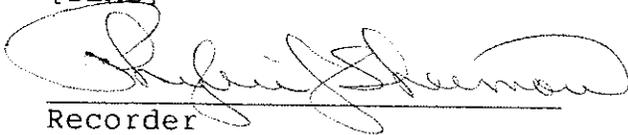
7) This Resolution shall take effect immediately upon adoption.

Resolution adopted this 3rd day of November, 1987.

TOWN OF MOOREFIELD, WEST VIRGINIA

30. K. J. H., Mayor

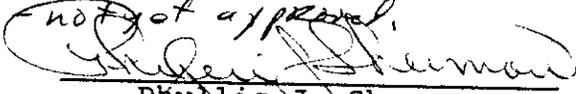
[SEAL]


Recorder

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of minutes of November 3, 1987.

minutes - not got approval.



Phyllis J. Sherman

Date: 11/20/87

REGULAR, NOVEMBER 3, 1987

The Town Council of Moorefield, a municipal corporation, met in regular session on Tuesday, November 3, 1987 at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: Larry D. Kuykendall, mayor; Phyllis J. Sherman, recorder; Snow Zirk, Larry Snyder, Donald Eye, Roger Pratt, and Carlton Hilliard, councilmen; William Pallavicini, consulting engineer; William Henry, Lyle Steach, and Glenn Stonestreet, department heads; Kathleen Gross of Jackson, Kelley, Holt & O'Farrell, bond counsel; and Elizabeth Whitener, reporter.

The reading of the minutes of previous meetings, upon motion, was waived.

As the first order of business, a group of citizens appeared to present council with a petition requesting the use of Inskeep Hall for their aerobics class with a reduction in the fee of \$50.00 per time. Council advised the delegation that they would take their request under consideration later in the meeting and contact their instructor, Julie See, as to their decision.

Mary Brooks, who lives on Allegheny Street, appeared to request an additional street light and to point out that sewerage is still being dumped into the manhole on Allegheny. Mayor Kuykendall advised her that this problem would be taken care of as soon as the sewer reconstruction project is completed and the wastewater treatment plant is back into operation. He further advised her that council would make a study of the lighting conditions on the street and make a decision at that time.

Next on the agenda, Wayne Shanholtz, a resident of Kuykendall Lane, appeared to complain to council about sewerage backup into his basement. Council asked William Pallavicini if he would check into the matter to see what is causing the problem and what a solution might be. Mr. Pallavicini agreed to look at plans and records to determine if storm drain and sanitary sewers might be tied together causing the problem. Mr. Shanholtz also complained that Hester Industries is dumping trash near the river and showed council pictures which he had taken of the dump site. Mayor Kuykendall assured Mr. Shanholtz that council would check with Hester Industries regarding the matter.

Mayor Kuykendall then introduced Kathleen Gross of Jackson, Kelley, Holt & O'Farrell, bond counsel for the water and sewer projects. Ms. Gross read the Bond and Line of Credit Ordinance for the water project by the title for the second time. Upon motion of Councilman Zirk, seconded by Councilman Hilliard, council voted unanimously to pass and adopt the ordinance on second reading and set November 16, 1987

at 7:00 P.M. as the date and time of the public hearing.

Ms. Gross next read for the second time by title the Bond and Line of Credit Ordinance for the sewer project. On motion of Councilman Zirk, seconded by Larry Snyder, council voted to pass and adopt said ordinance and set November 16, 1987 at 7:00 P.M. as the date and time of the public hearing.

Ms. Gross then presented and read by title a resolution authorizing the publication of an abstract of the Water Bond and Line of Credit Ordinance along with a notice that the ordinance has been adopted, that the Town of Moorefield is contemplating the issuance of Water Revenue Bonds, Series 1987, and an irrevocable line of credit, and that any person may appear before council on the date of public hearing to present protests. Said resolution, upon motion of Snow Zirk, seconded by Donald Eye, was passed as read with all members voting in favor of the resolution. Mayor Kuykendall then declared the resolution adopted to become effective immediately. Said resolution will be placed in the permanent records of the Town of Moorefield.

Ms. Gross next presented and read by title a resolution authorizing the publication of an abstract of the Sewer Bond and Line of Credit Ordinance along with a notice that the ordinance has been adopted, that the Town of Moorefield is contemplating the issuance of Subordinate Sewerage System Revenue Bonds, Series 1987, the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, an irrevocable line of credit pending the receipt of grant proceeds, and that any person may appear before council on the date of public hearing to present protests. The resolution, upon motion of Larry Snyder, seconded by Donald Eye, was passed as read and upon vote, all members voting in favor of the resolution, the mayor declared the resolution adopted to become effective immediately. The resolution will be placed in the permanent records of the Town of Moorefield.

Council next voted, on motion of Larry Snyder, seconded by Snow Zirk, to appoint One Valley Bank as the Registrar and South Branch Valley National Bank as the depository bank.

Council next considered the matter of waivers or reductions of fees for the use of the auditorium in Inskeep Hall. On motions duly made, seconded, and passed, council voted to allow the Presbyterian Youth to use the auditorium for dances for a reduced fee of \$25.00 and to allow the aerobics

class to use the auditorium twice a week for twenty-four weeks for 15% of their gross receipts. Ms. See will be responsible for turning off lights, locking the doors, etc. An agreement will be drafted for them to sign.

The recorder read a letter of commitment from the South Branch Valley National Bank for a line of credit not to exceed \$100,000 for the Water Project. On a motion duly made, seconded, and passed, council approved the letter.

In response to a request from General Telephone to install an underground telephone conduit system on Elm Street, council directed that the street may be cut but General Telephone must put it back according to state specifications.

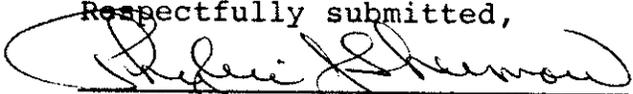
Council, in other business, discussed the following matters and on motions duly made, seconded, and passed, took the following actions:

- Decided not to buy any cold mix this year. Glenn Stonestreet advised council that we have approximately 35 to 40 tons on hand.
- Discussed the need of some type of barrier on the curve on Clements Street to prevent vehicles from going into the concrete culvert. Until some other solution can be derived, council voted to install 50-65 feet of temporary curbing on top of the concrete. (Snyder, Eye)
- Directed Glenn Stonestreet to contact Betty McConnell to work out the problem with the ditch in front of her residence.
- Council reviewed the estimate for fixing the 1951 Ford Firetruck from Craig Yokum for \$2500. Council directed that he be contacted to do the work but to proceed cautiously and keep a close watch on the cost. (Snyder, Eye)
- Directed Glenn Stonestreet to erect "Slow - Children Playing" signs on Tannery Hollow Road and Ashby Streets.
- Directed William Henry to fix a leaking hydrant at Beulah Taylor's residence, to see that some fill is put into Doug Wolfe's road near the plant, and to check with Welding Inc. for a work schedule in order to coordinate shutdowns with local industries.
- Approved a water tap for Lucky Crites who lives out of the corporate limits. The tap has been approved by the Hardy County Public Service District.

- Agreed to pay half of sewer repair bill submitted by Walter Southerly since the problem was in the town's main. (Snyder, Zirk)
- Decided to stop construction on the Paskell Hill sewer line until problems can be worked out.
- Directed the recorder to write a letter to Potomac Edison requesting the installation of a street light on South Fork Road in front of Tom Hawse's residence and to include one on Allegheny if it is determined that one is needed.
- Approved the purchase of hams and turkeys for employees for Christmas. (Snyder, Eye)
- Approved payment of all current bills. (Snyder, Pratt)
- Voted to have city attorney write a letter to Karl Evans directing him to return a notebook in his possession containing drawings of sewer taps to the town. (Eye, Hilliard)
- Set March 8, 1988 as the date for the Special Levy Election. (Eye, Hilliard)

No further business appearing, the meeting, upon motion, was adjourned.

Respectfully submitted,


Phyllis J. Sherman, Recorder


Larry D. Kuykendall, Mayor

AFFIDAVIT OF PUBLICATION

Cost of Publication 128.98

State of West Virginia
County of Hardy, to wit:

I, Phoebe Fisher Heishman, being first sworn upon my oath, do depose and say that I am President of the R. E. Fisher Company, a corporation, and publisher of the newspaper entitled THE MOOREFIELD EXAMINER, a Democratic newspaper; that I have been duly authorized by the Board of Directors of such corporation to execute all affidavits of publication; that such newspaper has been published for more than one year prior to publication of the annexed notice described below; that such newspaper is regularly published twice weekly on Wednesdays and Saturdays, for at least fifty weeks during a calendar year, in the municipality of Moorefield, Hardy County, West Virginia; that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia, 1931, as amended, within the publication area or areas of aforesaid municipality and county; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, that the annexed

notice of ABSTRACT AND NOTICE OF PUBLIC HEARING-

TOWN OF MOOREFIELD - WATER PROJECT

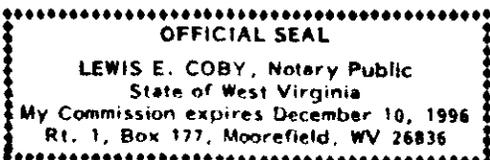
was duly published in said newspaper once a week for 2 successive weeks, commencing with the issue of 4 day of Nov. 19 87, and ending with the issue of the 11 day of Nov. 19 87, (and was posted at the n/a on the _____ day of _____, 19 ____).

/s/ Phoebe F. Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 16 day of Nov., 19 87.

My commission expires Dec. 10, 1996

/s/ Lewis E. Coby
Notary Public of Hardy County, WV



ABSTRACT OF NOTICE OF PUBLIC HEARING

Notice is hereby given to any person interested that on November 3, 1987, the Council of the Town of Moorefield, West Virginia (the "Town"), adopted an ordinance that

1. Determined that it is necessary and desirable for the health, welfare, and safety of the inhabitants of the Town that there be constructed certain extensions, additions, improvements and betterments to the existing water-works system of the Town, consisting primarily of upgrading and increasing the capacity of the water treatment plant, providing additional system storage, and installing a connecting water transmission main between the water plant and the new storage facility (the "Project") (the existing facilities, together with the Project and any further extensions, additions, improvements and betterments thereto, are hereinafter referred to as the "System"). The estimated cost of the Project is \$1,600,000, in accordance with the plans and specifications prepared therefor by William Pallavicini, Petersburg, West Virginia (the "Consulting Engineer"), which plans and specifications are on file with the Town.

2. Determined that it is in the best interest of the Town to authorize acquisition and construction of the Project and the financing of the costs, not otherwise provided, for the Project through the issuance by the Town of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Bonds") and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"; together with the Bonds, the "Bonds").

3. Provided for the sale of the Bonds to the West Virginia Water Development Authority (the "Authority"), pursuant to the terms and provisions of the respective loan agreements to be entered into between the Town and the Authority.

4. Determined that the Town currently has outstanding \$202,262.13 in Water Revenue Bonds, Series 1974, (the "Prior Bonds"), which have a first lien on the revenues of the System.

5. Determined that the Town is authorized to issue parity bonds, on a parity with the first lien of the Prior Bonds on the revenues derived from the System; determined that the revenues from the System have been and are more than sufficient to comply with the parity requirements of the ordinance authorizing the Prior Bonds; and provided that prior to the issuance of the Bonds, the Town shall receive a certificate from a certified public accountant that the revenues derived from the System during the fiscal year immediately preceding the date of issuance of the Bonds shall have been not less than one hundred twenty per centum (120%) of the average amount which will mature or become due in any succeeding

interest on the Prior Bonds and on the Bonds.

6. Determined that the Prior Bonds and the Bonds shall share a first lien as to the source of and security for payment and the Supplemental Bonds shall have a second lien as to the source of and security for payment.

7. Determined that it is in the best interest of the Town to have established and authorized establishment of a line of credit in an amount not to exceed \$100,000 (the "Line of Credit") to provide funds for such acquisition and construction of the Project pending receipt of certain grant proceeds.

8. Authorized and directed the Mayor of the Town to execute a note regarding the Line of Credit (the "Line of Credit Note").

9. Authorized the issuance by the Town of the Line of Credit Note in an amount not to exceed \$100,000 for the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and, thus, temporarily financing a portion of the cost of acquisition and construction of the Project pending receipt of grant proceeds.

10. Provided that the Line of Credit Note shall evidence only the indebtedness recorded on the record of advances attached thereto, shall bear interest at a rate not to exceed twelve percent (12%) per annum, shall mature on such date not to exceed thirty (30) months from the date thereof, subject to such further terms as set forth by the Line Credit Agreement or a Supplemental Resolution.

11. Authorized the continuation or establishment of a Revenue Fund and provided for the disposition of System revenues; provided for the payment of operation and maintenance expenses; provided for the monthly deposit of funds into the respective Sinking Funds for the payment of principal of and interest on the Bonds and the payment of principal of the Supplemental Bonds; provided for the creation of Reserve Accounts for the Bonds, respectively; provided for the continuation or establishment of a Renewal and Replacement Fund and the deposit of revenues therein and use thereof; and provided for the use of excess funds of the System.

12. Provided for the disposition of Bond proceeds; created the Bond Construction Trust Fund to hold the Bond proceeds pending their use for Project costs and provided for liens by the owners of the Bonds on the funds held in the Bond Construction Trust Fund until expended for Project costs; and provided for the disposition of excess Bond proceeds.

13. Provided that the Bonds shall not be or constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System or from the respective Reserve Accounts.

14. Provided that the Bonds shall have a lien on the net

on a parity with the lien of the Prior Bonds, but senior and superior to the lien of the Supplemental Bonds and further provided that after the Prior Bonds are paid, the Bonds and Supplemental Bonds shall have a lien on the gross revenues of the System.

15. Provided for the minimum rates and charges for the System as set forth in the rate ordinance adopted by the Town on April 7, 1987, and required that the rates and charges for the System always be sufficient to pay operation and maintenance expenses and all the prescribed payments into the funds created by the ordinance authorizing the Prior Bonds and the Ordinance and, specifically, that the rates and charges produce revenues sufficient to pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 115% of the maximum principal and interest due on the Prior Bonds, the Bonds, the Supplemental Bonds and any other bonds prior to or on a parity with either series of Bonds in any year.

16. Provided for the sale, mortgage or lease of the System under certain terms and conditions.

17. Authorized the issuance of additional bonds on a parity with the Bonds only upon compliance with certain terms and conditions.

18. Provided for insurance coverage on the System; provided that the Town will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

19. Provided for the investment of the Bond proceeds and limitations thereon; provided for covenants against making the Bonds "arbitrage bonds."

20. Established the terms for defaults and the remedies of the owners of the Bonds.

21. Provided for the method of respectively defeasing the Bonds.

22. Provided a restrictive method of modification or amendment of the Ordinance.

The Town contemplates the issuance of the Bonds, the Supplemental Bonds and the irrevocable line of credit described in, and under the conditions set forth in, the Ordinance abstracted above. Any person interested may appear before the Council of the Town of Moorefield at a meeting thereof at 7 p.m., prevailing time, on Monday, November 16, 1987, in the Council Chambers in the Town Office, Winchester Avenue, Moorefield, West Virginia, and present protests and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of the Town on November 3, 1987, is on file in the office of the Town Recorder of the Town for review by interested persons during the regular office hours of such office, to-wit: 9:00 a.m. to 4:00 p.m., Mondays through Fridays.

/s/Phyllis Sherman
Recorder of the Town of
Moorefield, West Virginia
11/4, 11/11 2c

Lucille S. Gohdes, CPA
Rosalie E. Thomas, CPA

GOHDES & THOMAS
Certified Public Accountants
401 Maple Avenue - P.O. Box 655
MOOREFIELD, W. VA. 26836
(304) 538-2035

November 16, 1987

The Honorable Mayor, Recorder & Council
Town of Moorefield
206 Winchester Avenue
Moorefield, WV 26836

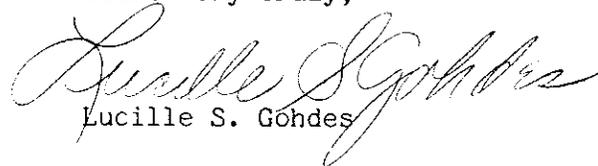
Dear Mayor, Recorder and Council:

We have reviewed the financial statements of the Water System of the Town of Moorefield, West Virginia (the "Town") for the fiscal year ending June 30, 1987, in accordance with standards established by the American Institute of Certified Public Accountants.

In the course of our review, we reviewed the Net Revenues, as defined in Section 1.04 of the Bond Ordinance passed by the Council of the Town on October 1, 1974 (the "1974 Ordinance"), of the Water System of the Town. We have reviewed the rate ordinance passed by the Town on April 7, 1987. We have also reviewed the schedule of debt service requirements for the Water Revenue Bonds, Series 1974 and the schedule of Debt Service Requirements attached to the Bond and Line of Credit ordinance passed by the Town on November 3, 1987 (the "1987 Ordinance") for the Town's Water Revenue Bonds, Series 1987, to be dated November 20, 1987 (the "Series 1987 Bonds").

In our opinion, the Net Revenues, as defined in the 1974 Ordinance, referred to in the preceding paragraph, of the Water System of the Town actually derived from the Water System during the fiscal year immediately preceding the date of issuance, being November 20, 1987, of the Town's proposed Series 1987 Bonds were not less than one hundred twenty percent (120%) of the average aggregate amount which will mature or become due in any succeeding fiscal year for principal of and interest on the Water Revenue Bonds, Series 1974 now outstanding and the Water Revenue Bonds, Series 1987 to be issued pursuant to the 1987 Ordinance referenced to in the preceding paragraph.

Yours very truly,


Lucille S. Gohdes

lsg/s

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Resolution adopted Nov 16, 1987.

putting Ordinance into effect



Phyllis J. Sherman

Date: 4/20/87

Resolution Putting Bond and Line of Credit
Ordinance Into Effect

A Resolution finding that the Council of the Town of Moorefield, West Virginia, on November 3, 1987 passed an Ordinance supplementing an ordinance adopted by said Council on October 1, 1974 and a Resolution directing that an abstract of said Ordinance, together with a notice that said Ordinance has been adopted, that the Town of Moorefield, contemplates the issuance of the Water Revenue Bonds, Series 1987, and the Supplemental Water Revenue Bonds, Series 1987, as described in said Ordinance and that any person interested may appear before the Council of the Town of Moorefield upon a certain date and present protests, be published; finding that said abstract and notice have been duly published; finding that the Council of the Town of Moorefield met and heard all objections and suggestions regarding whether said Ordinance should be put into effect; and ordering that said Ordinance be put into effect and that the Water Revenue Bonds, Series 1987, the Supplemental Water Revenue Bonds, Series 1987 and line of credit, be issued as provided therein.

WHEREAS, the Council of the Town of Moorefield, West Virginia (the "Council"), on November 3, 1987, adopted an Ordinance supplementing an ordinance adopted by the Council on October 1, 1974 (the "Ordinance"), which authorized the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Town of Moorefield, West Virginia (the "Town"); authorized the issuance of not more than \$500,000, in aggregate principal amount of Water Revenue Bonds, Series 1987, and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (collectively, the "Bonds"), of the Town, to be used, along with other funds and moneys of or available to the Town which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; to fund reserve accounts for the Bonds; to provide for capitalized interest during construction and to pay other costs in connection therewith; provided for the sale of the Bonds to the West Virginia Water Development Authority (the "Authority") and provided for the rights and remedies of and security for the registered owners of the Bonds; authorized an irrevocable line of credit in an amount not to exceed \$100,000 to provide funds for such acquisition and construction pending the receipt of certain grant proceeds, all as more fully set out therein;

WHEREAS, the Council of the Town, on November 3, 1987, adopted a resolution (the "Resolution") which, pursuant to Chapter 8, Article 19, Section 5, of the Code of West Virginia, 1931, as amended (the "Act"), directed the Recorder of the Town to publish an abstract of the Ordinance (the "Abstract"), together with a notice that the Ordinance has been adopted,

that the Town contemplates the issuance of the Bonds and an irrevocable line of credit as described in the Ordinance, and that any person interested may appear before the Council upon a certain date and present protests (the "Notice"); and

WHEREAS, the Resolution required that the Abstract and Notice be published as a Class II legal advertisement in The Moorefield Examiner, a newspaper of general circulation in the Town, and the first publication of such Abstract and Notice was to be not less than ten (10) days before the date set by the Resolution and the Notice at which interested persons might appear before the Council and present protests, and the last publication of such Abstract and Notice was to be prior to said date set by the Resolution and the Notice; and

WHEREAS, the Resolution and the Notice provided for a public hearing to be held in Council Chambers in the Town Office at 7 p.m. on Monday, November 16, 1987;

NOW, THEREFORE, Be It Resolved By the Council of the Town of Moorefield, West Virginia, as follows:

(1) It is hereby found and determined:

(A) That the Abstract and Notice were duly published in The Moorefield Examiner, a newspaper of general circulation in the Town of Moorefield, with the first publication thereof being on November 4, 1987, which first publication date was not less than ten (10) days before the date set by the Resolution and the Notice for the public hearing at which interested persons might appear before the Council of the Town and present protests, and with the last publication thereof being on November 11, 1987, which last publication date was prior to said date set by the Resolution and the Notice for the public hearing, and a copy of the affidavit of publication reflecting such publication shall be attached hereto and incorporated herein;

(B) That, in accordance with the Resolution and the Notice, the Town Recorder has maintained in her office a certified copy of the Ordinance for review by interested persons during the regular office hours of such office;

(C) That, in Council Chambers in the Town Building, Winchester Avenue, on November 16, 1987, at 7 p.m., in accordance with the Resolution and the Notice, the Council met for the purpose of hearing all objections and suggestions regarding whether the Ordinance should be put into effect, and heard all objections and suggestions with regard thereto; and

(D) That, at said public hearing, no significant reasons were presented that could require modification or

amendment of the Ordinance, and no written protest with regard thereto was filed by thirty percent (30%) or more of the freeholders of the Town.

(2) The Ordinance shall be put into effect as of the date hereof, and the Bonds described therein shall be issued to the Authority as provided therein, and the irrevocable line of credit described therein shall be authorized at the time and otherwise as shall be determined by the Council to be in the best interests of the Town, all as provided in the Ordinance.

(3) This resolution shall be effective immediately upon its adoption.

Resolution dated November 16, 1987

Town of Moorefield, West Virginia

[Seal]

3-1-88
Larry Kuykendall, Mayor


Phyllis Sherman, Recorder

EXHIBIT A

Item No. 12--Affidavit of Publication

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of Supplemental Resolution adopted.

November 16, 1997


Phyllis J. Sherman

Date: 11/20/97

Supplemental Resolution
re Bond and Line of Credit Ordinance (Water)

A Resolution supplementing the Ordinance passed by the Council of the Town of Moorefield on November 3, 1987, and effective November 16, 1987; providing as to principal amounts, maturities, interest rate and other terms of the Water Revenue Bonds, Series 1987, and Supplemental Water Revenue Bonds, Series 1987, of the Town of Moorefield; designating a registrar and depository bank; and making other provisions with respect to the Bonds and authorizing the irrevocable line of credit.

WHEREAS, the Council (the "Council") of the Town of Moorefield, West Virginia (the "Town"), has duly and effectively passed as of November 3, 1987 and effective November 16, 1987, an Ordinance (the "Ordinance"), entitled:

An Ordinance supplementing an ordinance passed by the Council of the Town of Moorefield, West Virginia, on October 1, 1974, entitled "Ordinance authorizing the issuance of \$245,000 Water Revenue Bonds, Series 1974 of the Town of Moorefield, to finance part of the cost of improvements to the existing waterworks; defining and prescribing the terms and provisions of the Bonds; providing for the fixing, establishing and collecting of rates and charges for the services and facilities of the waterworks"; authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks system of the Town of Moorefield; authorizing the issuance of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987, and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, to be used, along with other funds and moneys of or available to the Town of Moorefield which may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; to fund reserve accounts for such Bonds, to provide for capitalized interest during construction and to pay other costs in connection therewith; providing for the rights and remedies of and security for the owners of such Bonds; authorizing an irrevocable line of credit in an amount not to exceed \$100,000 to provide

funds for such acquisition and construction pending the receipt of certain grant proceeds, and enacting other provisions related thereto;

and

WHEREAS, capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance; and

WHEREAS, the Ordinance provides for the issuance of not more than \$500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987, and not more than \$200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, of the Town (the "Bonds"), and the sale of the Bonds pursuant to the terms of the Loan Agreement and the Supplemental Loan Agreement, both dated October 15, 1987, entered into between the Town and the West Virginia Water Development Authority (the "Authority"); and

WHEREAS, in the Ordinance, it is provided that the principal amounts, maturities, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for; and

WHEREAS, the Ordinance also provides for the authorization of an irrevocable line of credit in an amount not to exceed \$100,000 to provide funds for the acquisition and construction pending the receipt of certain grant proceeds; and

WHEREAS, the Council deems that it is in the best interest of the Town to issue the irrevocable line of credit at this time; and

WHEREAS, the Council deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the principal amounts, maturities, interest rate, and other terms of the Bonds be fixed hereby in the manner stated herein and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, Be It Resolved by the Council of The Town of Moorefield, West Virginia, as follows:

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1987 (the "Original Bonds"), of the Town in the aggregate principal amount of \$443,275 and the Supplemental

Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the Town in the aggregate principal amount of \$108,725, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Original Bonds shall be originally issued in the form of a single bond, numbered R-1, fully registered to the Authority, in the principal amount of \$443,275. The Original Bonds shall be dated the date of delivery thereof; shall bear interest at the rate of 8.38 percent per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1988; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Original Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Loan Agreement "Schedule X" attached as Exhibit A hereto, specifically approved hereby and incorporated herein by reference.

(b) The Supplemental Bonds shall be originally issued in the form of a single bond, numbered SR-1, fully registered to the Authority, in the principal amount of \$108,725. The Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement so long as the Authority shall be the registered owner of the Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Supplemental Loan Agreement "Schedule X" attached as Exhibit B hereto, specifically approved hereby and incorporated herein by reference.

(c) The Bonds shall be sold to the Authority at the price of 100 percent of par, there being no accrued interest.

(2) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance, with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(3) The Town does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and

delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed.

(4) The Town hereby appoints and designates South Branch Valley National Bank, Moorefield, West Virginia, as the Depository Bank.

(5) The Town hereby directs the Depository Bank to deposit the proceeds from the sale of the Bonds and certificates of deposit as described in (D) of Section 1.01(WW) of the Ordinance until such time as the Council directs otherwise.

(6) The Town hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Registrar. The Mayor is hereby authorized and directed to execute and deliver the Registrar's Agreement in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of such approval.

(7) The Mayor and Recorder and other appropriate officers and employees of the Town are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds.

(8) The Council hereby determines not to pay interest on the Bonds with proceeds of the Bonds. Accordingly, the Town hereby directs that no proceeds of the Bonds be deposited with the West Virginia Municipal Bonds Commission.

(9) The Council hereby determines not to pre-fund the Reserve Account or Supplemental Reserve Account. Accordingly, the Town hereby directs that no proceeds of the Bonds be placed in Reserve Accounts.

(10) The Mayor and Recorder of the Town are hereby authorized and directed to enter into a line of credit agreement with the South Branch Valley National Bank for the purposes of attaining the irrevocable line of credit in accordance with the terms of the Indenture. The Mayor and the Recorder are hereby authorized to execute and deliver such documents and certificates required or desirable in connection with the issuance of the irrevocable line of credit.

(11) The Town has general taxing powers to finance operations of or facilities of the nature of the System; 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the Town; and the aggregate face amount of all tax-exempt bonds (other than "private activity bonds") issued by the Town and all subordinate entities thereof during the calendar year 1987 (being the calendar year in which the Bond is being issued), excluding any tax-exempt bond which is not outstanding at the time of a later issue or which is paid or redeemed with the net proceeds of a later issue, is not reasonably expected to exceed \$5,000,000.

(12) The Town and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1987 and hereby designate the note or notes issued pursuant to the irrevocable line of credit agreement as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as it may hereafter be amended.

(13) The financing of the Project in part with the proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

(14) This Supplemental Resolution shall be effective immediately upon adoption.

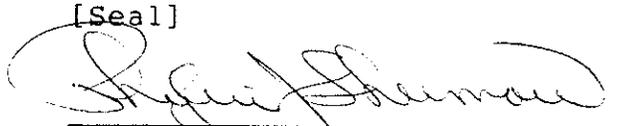
Resolution adopted November 16, 1987

TOWN OF MOOREFIELD, WEST VIRGINIA

By: *L. Kuykendall*
Larry Kuykendall, Mayor

ATTEST:

[Seal]



Phyllis J. Sherman, Recorder

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$ 443,275</u>
Purchase Price of Local Bonds	<u>\$ 443,275</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:

\$245,000 Water Revenue Bonds, Series 1974, dated August 12, 1975

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:

N O N E

EXHIBIT A

PERIOD ENDING	10/1 COUPON PRIN.	INTEREST	DEBT SERVICE
1988	8.38		32,090.41
1989	8.38	1,831	37,146.45
1990	8.38	1,985	36,993.01
1991	8.38	2,151	36,826.66
1992	8.38	2,331	36,646.41
1993	8.38	2,527	36,451.07
1994	8.38	2,738	36,239.31
1995	8.38	2,968	36,009.87
1996	8.38	3,216	35,761.15
1997	8.38	3,486	35,491.65
1998	8.38	3,778	35,199.52
1999	8.38	4,095	34,882.92
2000	8.38	4,438	34,539.76
2001	8.38	4,810	34,167.86
2002	8.38	5,213	33,764.78
2003	8.38	5,650	33,327.93
2004	8.38	6,123	32,854.46
2005	8.38	6,636	32,341.35
2006	8.38	7,193	31,785.26
2007	8.38	7,795	31,182.48
2008	8.38	8,449	30,529.26
2009	8.38	9,156	29,821.24
2010	8.38	9,924	29,053.96
2011	8.38	10,755	28,222.33
2012	8.38	11,657	27,321.06
2013	8.38	12,634	26,344.21
2014	8.38	13,692	25,285.48
2015	8.38	14,840	24,138.09
2016	8.38	16,083	22,894.50
2017	8.38	17,431	21,546.74
2018	8.38	18,892	20,086.02
2019	8.38	20,475	18,502.87
2020	8.38	22,191	16,787.07
2021	8.38	24,050	14,927.46
2022	8.38	26,066	12,912.07
2023	8.38	28,250	10,727.74
2024	8.38	30,617	8,360.39
2025	8.38	33,183	5,794.69
2026	8.38	35,966	3,013.95

 443,275 1,069,971.44 1,513,246.44

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>108,725</u>
Purchase Price of Supplemental Bonds	\$ <u>108,725</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:

\$245,000 Water Revenue Bonds, Series 1974 dated August 12, 1975

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

ZERO
COUPON
BONDS

	.00
1988	.00
1989	2,861.34
1990	2,861.18
1991	2,861.18
1992	2,861.18
1993	2,861.18
1994	2,861.18
1995	2,861.18
1996	2,861.18
1997	2,861.18
1998	2,861.18
1999	2,861.18
2000	2,861.18
2001	2,861.18
2002	2,861.18
2003	2,861.18
2004	2,861.18
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2013	2,861.18
2014	2,861.18
2015	2,861.18
2016	2,861.18
2017	2,861.18
2018	2,861.18
2019	2,861.18
2020	2,861.18
2021	2,861.18
2022	2,861.18
2023	2,861.18
2024	2,861.18
2025	2,861.18
2026	2,861.18

108,725.00

EXHIBIT 1

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of November, 1987, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its \$443,275 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Original Bonds"), in the form of one bond numbered SR-1, and its \$108,725 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the Town on November 3, 1987, as supplemented on November 16, 1987 (the "Ordinance");

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 Ordinance, a copy of which has been received by the Registrar and is incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as registrar under the Ordinance 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 Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Original 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 upon the execution of this Registrar's Agreement and from time to time 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 Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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 address:

GOVERNMENTAL AGENCY

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
One Valley Square
P. O. Box 1722
Charleston, West Virginia
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD, and One Valley Bank, National Association, have respectively caused

this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MOOREFIELD

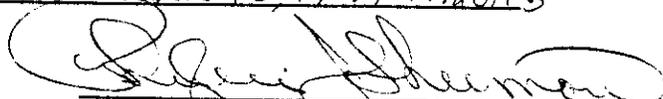
By: _____
Larry Kuykendall, Mayor

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By: _____
Its: _____

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of unapproved November 16, 1987 minutes


Phyllis J. Sherman

Date: 11/20/87

PUBLIC HEARING AND SPECIAL, NOVEMBER 16, 1987

The Town Council of Moorefield, a municipal corporation, met in public hearing and special session on Monday, November 16, 1987 at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: Larry D. Kuykendall, mayor; Phyllis J. Sherman, recorder; Snow Zirk, Larry Snyder, Donald Eye, Roger Pratt, and Carlton Hilliard, councilmen; William Pallavicini, consulting engineer for the water and sewer project, Lucille Gohes, CPA; and Sammee Gee of Jackson, Kelley, Holt & O'Farrell, bond counsel for both the water and sewer projects.

This meeting was called for the purpose of hearing comments and suggestions from the public before final adoption of the water and sewer bond and line of credit ordinances.

There being no persons present to comment or make suggestions, Sammee Gee read by title for the third time the Bond and Line of Credit Ordinance for the Water System Improvement Project. Ms. Gee next read by title a resolution putting the Water Ordinance into effect as of the date hereof. Upon motion of Councilman Zirk, seconded by Councilman Eye, the ordinance and the resolution were adopted as presented by unanimous vote. Mayor Kuykendall declared both documents to become effective immediately

Mrs. Gee next presented and read a supplemental resolution by title, said title being "A RESOLUTION SUPPLEMENTING THE ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF MOOREFIELD ON NOVEMBER 3, 1987, AND EFFECTIVE NOVEMBER 16, 1987, PROVIDING AS TO PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATE AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1987, AND SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, OF THE TOWN OF MOOREFIELD: DESIGNATING A REGISTRAR AND DEPOSITORY BANK: AND MAKING OTHER PROVISIONS WITH RESPECT TO THE BONDS AND AUTHORIZING THE IRREVOCIBLE LINE OF CREDIT." Mrs. Gee explained to council that the bond sale will not exceed \$552,000 with \$443,275 being interest bearing bonds and \$108,725 being zero interest bonds which together will have an effective yield of 7%. WDA has also agreed to allow an early payoff of the bonds if the town wishes to do so but this should not be done until after ten years. The resolution also allows the mayor and recorder to sign all closing documents. Upon motion of Larry Snyder, seconded by Snow Zirk, council, by unanimous vote, adopted the resolution. Mayor Kuykendall declared the resolution effective immediately and that it be placed in the permanent records of the Town of Moorefield.

As the next item of business, Mrs. Gee read by title for the third time the Bond and Line of Credit Ordinance for the Sewer Reconstruction Project. She then read by title a resolution putting the Sewer Ordinance into effect as of the date hereof.

Upon motion of Councilman Snyder, seconded by Councilman Hilliard, the ordinance and the resolution were adopted as presented by unanimous vote. Mayor Kuykendall declared that both documents were to become effective immediately.

Mrs. Gee next presented and read a supplemental resolution by title, said title being "A RESOLUTION SUPPLEMENTING THE ORDINANCE PASSED BY THE COUNCIL OF THE TOWN OF MOOREFIELD ON NOVEMBER 3, 1987, AND EFFECTIVE NOVEMBER 16, 1987; PROVIDING AS TO PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATE AND OTHER TERMS OF THE SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, AND SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, OF THE TOWN OF MOOREFIELD: DESIGNATING A REGISTRAR AND DEPOSITORY BANK: AND MAKING OTHER PROVISIONS WITH RESPECT TO THE BONDS AND AUTHORIZING THE IRREVOCABLE LINE OF CREDIT. She explained to council that the bond sale will not exceed \$195,160 with \$156,720 being interest bearing bonds and \$38,440 being zero interest bonds which together will have an effective yield of 7%. This resolution also allows the mayor and recorder to sign all closing documents. Upon motion of Roger Pratt, seconded by Snow Zirk, council, by unanimous vote, adopted the resolution. Mayor Kuykendall declared the resolution effective immediately and that it be placed in the permanent records of the Town of Moorefield.

Council on motion of Larry Snyder, seconded by Snow Zirk, directed that closing costs of \$2000 for each project be paid out of the water and sewer funds.

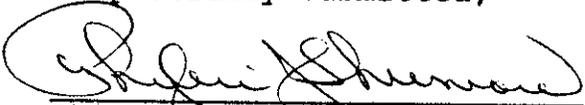
Council, in other business, discussed the following matters and on motions duly made, seconded, and passed took the following actions:

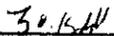
- Directed the recorder to have the city attorney write a letter to Russell Haines explaining to him that he will have to work out his boundary dispute with Mr. Bean on his own.
- Mayor Kuykendall reported that he had spoken with William Judy in regard to filling out forms for PSC regarding the 220 South Water Project. He related that he had discussed figures with him as to how many gallons per month they would be allowed to use before a higher rate becomes effective, the term of the contract, how often it would have to be reviewed, connection costs, etc. Mr. Judy was supposed to have dropped off a sample of the form for council to look at and since he has not, council voted to table the matter until they can review the proper form.

- Council reviewed the applications for policeman and administrative coordinator. Mayor Kuykendall appointed a committee of Carlton Hilliard, Roger Pratt, Lyle Steach, Donald Eye, and Larry Snyder to interview applicants for the police vacancy on Thursday evening, November 19th. It was decided to review the applications for administrative coordinator at a later time.

No further business appearing, the meeting, upon motion was adjourned.

Respectfully submitted,


Phyllis J. Sherman, Recorder


Larry D. Kuykendall, Mayor

RECEIVED

AUG 10 1987

LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

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

TOWN OF MOOREFIELD

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 "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.

1.8 "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.

1.9 "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 any State and federal grants or other sources of financing for the Project.

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

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

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

their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall 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 but must be satisfactory to the Authority, 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 the Consulting Engineers, or such other person or firm experienced in the

financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than 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, including those specified by Section 2.8 hereof;

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

(viii) That any 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 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, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the 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); provided that, if the cost of acquisition and construction of the Project includes funded reserves for the Local Bonds, any requisite proceeds shall be credited to the construction fund and then deposited in the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein; 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. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The 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 cove-

nants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached

hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

7.2 Schedule X shall be attached to this Loan Agreement 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, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be specifically enforced or subject to a similar equitable remedy by the Authority.

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

Town of Moorefield
[Proper Name of Governmental Agency]

(SEAL)

By Frank J. Kephil
Its Mayor

Attest:

Date: August 4, 1987

[Signature]
Its Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Edwina N. Henry
Director

Attest:

Date: October 15, 1987

[Signature]
Secretary-Treasurer

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	<u>\$ 443,275</u>
Purchase Price of Local Bonds	<u>\$ 443,275</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:

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

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	8.38		32,090.41	32,090.41
1989	8.38	1,831	37,146.45	38,977.45
1990	8.38	1,985	36,993.01	38,978.01
1991	8.38	2,151	36,826.66	38,977.66
1992	8.38	2,331	36,646.41	38,977.41
1993	8.38	2,527	36,451.07	38,978.07
1994	8.38	2,738	36,239.31	38,977.31
1995	8.38	2,968	36,009.87	38,977.87
1996	8.38	3,216	35,761.15	38,977.15
1997	8.38	3,486	35,491.65	38,977.65
1998	8.38	3,778	35,199.52	38,977.52
1999	8.38	4,095	34,882.92	38,977.92
2000	8.38	4,438	34,539.76	38,977.76
2001	8.38	4,810	34,167.86	38,977.86
2002	8.38	5,213	33,764.78	38,977.78
2003	8.38	5,650	33,327.93	38,977.93
2004	8.38	6,123	32,854.46	38,977.46
2005	8.38	6,636	32,341.35	38,977.35
2006	8.38	7,193	31,785.26	38,978.26
2007	8.38	7,795	31,182.48	38,977.48
2008	8.38	8,449	30,529.26	38,978.26
2009	8.38	9,156	29,821.24	38,977.24
2010	8.38	9,924	29,053.96	38,977.96
2011	8.38	10,755	28,222.33	38,977.33
2012	8.38	11,657	27,321.06	38,978.06
2013	8.38	12,634	26,344.21	38,978.21
2014	8.38	13,692	25,285.48	38,977.48
2015	8.38	14,840	24,138.09	38,978.09
2016	8.38	16,083	22,894.50	38,977.50
2017	8.38	17,431	21,546.74	38,977.74
2018	8.38	18,892	20,086.02	38,978.02
2019	8.38	20,475	18,502.87	38,977.87
2020	8.38	22,191	16,787.07	38,978.07
2021	8.38	24,050	14,927.46	38,977.46
2022	8.38	26,066	12,912.07	38,978.07
2023	8.38	28,250	10,727.74	38,977.74
2024	8.38	30,617	8,360.39	38,977.39
2025	8.38	33,183	5,794.69	38,977.69
2026	8.38	35,966	3,013.95	38,979.95

443,275 1,069,971.44 1,513,246.44

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 gross revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

5. The Governmental Agency shall comply with the provisions of the Internal Revenue Code of 1986, as amended. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years of May 22, 1986;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project, together with any investment earnings thereon, will be expended for such purpose by May 1, 1989;
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds; and
- (e) The Governmental Agency will comply with the provisions of the Internal Revenue Code of 1986, as amended, for which the effective date precedes the date of delivery of its Local Bond to the Authority.

RECEIVED

AUG 10 1987

SUPPLEMENTAL LOAN AGREEMENT

WATER DEVELOPMENT AUTHORITY

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

TOWN OF MOOREFIELD

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 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 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 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, as hereinafter defined, 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.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to 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 any State and federal grants or other sources of financing for the Project.

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

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

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

mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this 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 but must be satisfactory to the Authority, 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 the Consulting Engineers, or such other person or firm experienced in the financing of water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

3.2 Subject to the terms and provisions of this 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.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State,

the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

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 bond proceeds, 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, including those specified by Section 2.8 hereof;

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

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

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant 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 any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, 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, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; 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 and shall include, but not be limited to, legal fees paid 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 nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

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

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

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 Schedule X 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, notwithstanding the date hereof, 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 Authority.

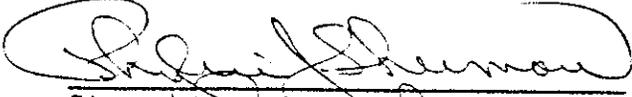
Town of Moorefield
[Proper Name of Governmental Agency]

(SEAL)

By 37 C. Hill
Its Mayor

Attest:

Date: August 4, 1987


Its Secretary-Treasurer

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edgar R. Henry
Director

Attest:

Date: October 15, 1987


Secretary-Treasurer

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>108,725</u>
Purchase Price of Supplemental Bonds	\$ <u>108,725</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:

TOWN OF MOOREFIELD (WATER)
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER

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

ZERO
COUPON
BONDS

	.00
1988	.00
1989	2,861.34
1990	2,861.18
1991	2,861.18
1992	2,861.18
1993	2,861.18
1994	2,861.18
1995	2,861.18
1996	2,861.18
1997	2,861.18
1998	2,861.18
1999	2,861.18
2000	2,861.18
2001	2,861.18
2002	2,861.18
2003	2,861.18
2004	2,861.18
2005	2,861.18
2006	2,861.18
2007	2,861.18
2008	2,861.18
2009	2,861.18
2010	2,861.18
2011	2,861.18
2012	2,861.18
2013	2,861.18
2014	2,861.18
2015	2,861.18
2016	2,861.18
2017	2,861.18
2018	2,861.18
2019	2,861.18
2020	2,861.18
2021	2,861.18
2022	2,861.18
2023	2,861.18
2024	2,861.18
2025	2,861.18
2026	2,861.18

108,725.00

SCHEDULE Y
REVENUES

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

(i) as prescribed by the Loan Agreement, to 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 Supplemental Bond proceeds, 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.

4. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

EXHIBIT A

Item No. 17 -- Loan Agreement

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 6, 1987

CASE NO. 87-305-W-CN

TOWN OF MOOREFIELD, a municipal corporation, Hardy County.

Application for a certificate of convenience and necessity to upgrade the water treatment plant, add a 1.5 million gallon storage tank and add lines to and from the tank site, at Moorefield, Hardy County.

FINAL ORDER

On May 19, 1987, the Town of Moorefield, a municipal corporation, Hardy County, filed an application, duly verified, for a certificate of convenience and necessity to make certain improvements to its water treatment plant and distribution system.

By order entered herein on May 19, 1987, the Town of Moorefield (Moorefield) was required to give notice of the filing of said application by publishing a copy of the order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hardy County. The order granted leave to anyone interested to file written objection to said application within thirty (30) days after the date of publication of notice. The order provided that if no protests were received within said thirty-day period the Commission may waive formal hearing and grant the application based upon the evidence submitted and its review thereof.

On October 2, 1987, the Applicant submitted an affidavit of publication indicating that notice was published as required in The Moorefield Examiner, a newspaper published twice weekly in the City of Moorefield,

certificate should be issued unto the Applicant, subject to the provisions and conditions hereinafter provided.

IT IS, THEREFORE, ORDERED that there be, and there hereby is, issued unto the Applicant, Town of Moorefield, a certificate of convenience and necessity to make certain improvements to its water facilities by the addition of a 1.5 million gallon storage tank, raw water pumps, hi-lift pumps, clearwell/chlorine contact basin, chemical feeders and the installation of 10-inch and 12-inch water lines, as more particularly described in said application, provided, however, that the total project cost shall not exceed the projected costs and that the proposed financing is obtained.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges 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.



Maynard D. McDonnell
Administrative Law Judge

McD:dfs

Hardy County, on May 27, 1987 and June 3, 1987. The Applicant also filed an affidavit of publication indicating that notice was published in The Moorefield Examiner on March 25, 1987 and April 1, 1987, notifying its citizens of an ordinance passed on April 7, 1987, increasing its water rates and charges.

No written protest to the pending application has been filed with the Commission.

The Applicant proposes to upgrade and renovate its water treatment and distribution system by the addition of a 1.5 million gallon storage tank, new raw water pumps, hi-lift pumps, clearwell/chlorine contact basin, chemical feeders and the installation of 10-inch and 12-inch water lines to and from the tank, as more particularly described in said application. The Applicant estimates total construction costs of \$1,313,000 and total project cost of \$1,600,000. The project will be financed by EDA funds of \$750,000, ARC Funds of \$300,000, Governor's Partnership Funds of \$150,000 and WDA Loan of \$400,000. Interim financing has been obtained from the South Boone Valley Bank of Moorefield in the form of a ninety-day line of credit of \$100,000 at a 10% interest rate.

The application was reviewed by various Commission operating divisions and a Joint Staff Memorandum was filed herein on September 23, 1987. Staff recommends that the application be approved.

The Administrative Law Judge (ALJ) is of the opinion and finds that a hearing in this matter is not necessary, good cause having been shown for dispensing therewith; that public notice of the filing of said application has been given by publication and no written protest to said application has been received by the Commission; that public convenience and necessity require the proposed improvements to the water system, and that a proper

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 28, 1987

CASE NO. 87-305-W-CN

TOWN OF MOOREFIELD, a municipal
corporation, Hardy County.

Application for a certificate of convenience
and necessity to upgrade the water treatment
plant.

Petition for approval of alternate
financing.

ORDER APPROVING FINANCING

By order entered herein on October 6, 1987, the Town of Moorefield was issued a certificate of convenience and necessity to make certain improvements to its water facility for a total projected cost of \$1,600,000. The project was to be financed by EDA funds of \$750,000, ARC funds of \$300,000, Governor's Partnership funds of \$150,000 and a WDA Loan of \$400,000.

On October 15, 1987, the Town of Moorefield informed the Commission that the Governor's Partnership funds of \$150,000 had been suspended. The Town advised that it will pursue an equivalent amount in additional funding from the West Virginia Water Development Authority in the form of a loan totaling \$552,000 which is \$150,000 more than originally planned.

This change in financing has been reviewed by various Commission operating divisions and a Joint Staff Memorandum was filed herein on October 23, 1987. Staff advised that the debt service requirement for the \$552,000 WDA loan over 38 years is \$41,839 per year. Staff performed a cash flow analysis for the system based on the latest available data which indicates that the rates and charges adopted by the Town are

adequate to meet the cash flow demands for the increased debt service. Estimated operating revenues were calculated by increasing the actual level for 1986-1987 by the 13.6% estimated increase in revenues found in the Town's filing. O&M expenses were calculated by increasing the actual level for the last fiscal year by \$10,000, which is the maximum increase projected by the Town's engineer. A copy of the cash flow analysis is attached hereto as Appendix A.

Staff recommends that the change in financing be approved.

The Administrative Law Judge is of the opinion and finds that the proposed change in financing, as above-described, does not affect the financial feasibility of the proposed construction project, and it should be authorized and approved; and

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission ALJs 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.

Waynard D. McDonnell

Waynard D. McDonnell
Administrative Law Judge

MMcD:mal

APPENDIX A

TOWN OF MOOREFIELD
CASE NO. 87-305-W-CN
CASH FLOW ANALYSIS

Available Cash	
Operating Revenues	\$324,976
Other Income	7,613
	<u>\$332,589</u>
Cash Requirements	
O & M Expenses	\$240,787
Taxes Other than F.I.T.	5,716
	<u>\$246,503</u>
Cash Available for Debt Service (A)	\$ 86,086
Debt Service Requirement	
Principal and Interest (B)	\$ 56,251
Reserve Requirement	5,625
Depreciation Reserve	7,031
	<u>\$ 68,907</u>
Surplus	\$ 17,179
Coverage (A) - (B)	1.5

CERTIFICATION

I, PHYLLIS J. SHERMAN, Recorder for the Town of Moorefield, West Virginia, do hereby certify that the attached document is a true and accurate copy of EDA and ARC Grant Offer.


Phyllis J. Sherman

Date: 11/20/87



Project No.: 01-01-02814

Offer Date: 18 SEP 1986

Public Works and Development Facilities

OFFER OF GRANT

Pursuant to its authority under the Public Works and Economic Development Act of 1965, as amended, (P.L. 89-136) and subject to the Special Conditions (Exhibit "A") and the Standard Terms and Conditions (Exhibit "B", dated October 1, 1978), both incorporated by reference herein, the Economic Development Administration, U.S. Department of Commerce (hereinafter the "Government"), offers a Grant not to exceed \$750,000 and an Appalachian Regional Commission (ARC) Grant not to exceed \$300,000 to the Town of Moorefield, Hardy County, West Virginia (hereinafter the "Grantee") in order to aid in the construction or equipping of public works or development facilities presently estimated to cost \$1,600,000 and consisting of water system improvements in Moorefield, Hardy County, West Virginia (hereinafter the "Project") provided that in no event shall this Grant exceed whichever is the lower of \$750,000 or 47 percent of the actual cost of the Project as determined by the Government, and the ARC Grant shall not exceed \$300,000.

This Offer, the Acceptance, the Special Conditions, and the Standard Terms and Conditions including any addenda shall constitute the "Grant Agreement."

Acceptance of this Grant Offer must be returned to the Economic Development Administration prior to

30 SEP 1986

ECONOMIC DEVELOPMENT ADMINISTRATION

By: Mary Ann Bason
Orson G. Swindle, III.

Assistant Secretary for
Economic Development
(Title)

The above Offer of Grant is hereby accepted.

Date: September 29, 1986

Town of Moorefield
(Name of Grantee)

By: Jay D. Kaufman, III
(Signature & Printed Name)

Mayor
(Title of Accepting Official)

CERTIFICATION (By Official other than Accepting Official)

The person signing this Acceptance is so authorized by the Governing Body or Board of the recipient.

Phyllis J. Sherman
(Signature)

Recorder
(Title of Certifying Official)

Phyllis J. Sherman
(Printed Name)

September 29, 1986
(Date)

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Phyllis J. Sherman, Recorder, of the Town of Moorefield, West Virginia (the "Town"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of \$443,275 in principal amount of the Town's Water Revenue Bonds, Series 1987 and the sale of \$108,725 in principal amount of the Town's Supplemental Water Revenue Bonds, Series 1987 (collectively, the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town and included in the Transcript of Proceedings, that said documents have been duly adopted, enacted or entered by the Council of said Town (the "Council") and that said documents are in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescision, supersedence, amendment or modification is also listed below:

1. The Charter of the Town.
2. Rules and Order of Business of The Council.
3. Current oaths of office of the following officials: Larry Kuykendall , Mayor; Phyllis J. Sherman, Recorder; Larry P. Snyder; Carlton Hilliard; Donald Eye; Snow Zirk; Roger Pratt; Council members.
4. Prior Ordinance.
5. Ordinance passed by the Council on April 7, 1987 establishing rates and charges for the services of the waterworks system of the Town (the "System") (the "Rate Ordinance").
6. Ordinance (without Exhibits B-C).
7. Resolution adopted November 3, 1987, authorizing publication of an abstract and notice of the Ordinance.

8. Minutes of the November 3, 1987, meeting of the Council, wherein the Ordinance was passed and a resolution authorizing Publication of an abstract and notice of the Ordinance was adopted.

9. Affidavit of Publication of the abstract and notice of the Ordinance in The Moorefield Examiner on November 4, and November 11, 1987.

10. Resolution adopted November 16, 1987, regarding the public hearing on the Ordinance and putting the Ordinance into effect.

11. Supplemental Resolution adopted November 16, 1987, authorizing the sale of the Bonds to the Authority.

12. Minutes of the November 16, 1987, meeting of the Council, wherein the resolution regarding the public hearing on the Ordinance and the resolution authorizing the sale of the Bonds to the Authority were adopted.

13. Loan Agreement, dated October 15, 1987, with the Authority.

14. Supplemental Loan Agreement, dated October 15, 1987, with the Authority.

15. Copy of EDA and ARC grant award.

Capitalized terms used and not otherwise defined herein have the respective meanings given them in the Ordinance, passed by the Council on November 3, 1987, and supplemented by the Council on November 16, 1987 (the "Ordinance").

WITNESS my signature and the official seal of the Town of Moorefield, West Virginia, as of the 20th day of November, 1987.



Recorder
Town of Moorefield

(SEAL)

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

GENERAL CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. GRANTS
11. INSURANCE
12. LOAN AGREEMENTS
13. PRIVATE USE OF FACILITIES
14. SPECIMEN BONDS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Moorefield, West Virginia (herein called the "Town"), and the undersigned ATTORNEY for the Town hereby certify in connection with the single, fully registered Water Revenue Bonds, Series 1987, of the Town, numbered R-1, dated the date hereof, in the principal amount of \$443,275 and bearing interest at the rate of eight and thirty-eighth hundreds percent (8.38%) per annum (the "Original Bonds"), and the single, fully registered Supplemental Water Revenue Bonds, Series 1987, of the Town, numbered SR-1, dated the date hereof, in the principal amount of \$108,725 and bearing no interest (the "Supplemental Bonds") (collectively herein called the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meanings as in the Ordinance, passed by the Council of the Town (the "Council") on November 3, 1987, and supplemented on November 16, 1987 (the "Ordinance"), authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing waterworks system of the Town and defined in the Ordinance as the Project (the "Project"), and the Loan Agreement and Supplemental Loan Agreement (collectively, the "Loan Agreement") entered into between the Town and the West Virginia

Water Development Authority (the "Authority"), both dated October 15, 1987.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Council authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Town or the title of the members or officers of the Town or of the Council thereof to their respective offices; nor questioning the construction and acquisition or financing of the Project nor operation by the Town of the System as improved by the Project; nor challenging the collection or use of the revenues of the System, including the pledge of the Gross Revenues to the payment of the Bonds, nor the receipt of Grant Receipts.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates presently required by law for construction of the Project, operation of the System and issuance of the Bonds including the certificate of convenience and necessity from the Public Service Commission of West Virginia (the "Public Service Commission") have been duly and timely 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 Code of West Virginia, 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 Town or the System since October 15, 1987. Further, there has been no adverse change in the status of the grants from the EDA and ARC, as both are hereinafter defined, necessary to finance the acquisition and construction of the Project since such date. The only outstanding debt obligations of the Town with a lien on the revenues of the System prior to or on a parity with those of the Bonds are the Town's Water Revenue Bonds, Series 1974 dated August 12, 1975, currently outstanding in the amount of \$202,262.13, which share a first lien on the revenues of the System with the lien of the Original Bonds.

5. SIGNATURES: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the Town as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the Town. The seal impressed upon the Bonds and this certificate is the duly authorized, proper and only seal of the Town.

6. PUBLIC SERVICE COMMISSION ORDER: The undersigned Counsel for the Town hereby covenants that he has filed any necessary information with the Public Service Commission and taken any other actions required to maintain the Public Service Commission order, dated October 28, 1987, in full force and effect and the period for appeal of the Public Service Commission order has expired without any appeal.

7. RATES: The existing rates and charges for the System were enacted by ordinance April 7, 1987 (the "Rate Ordinance") and the Town has complied with all requirements of the Public Service Commission and applicable law and the period for appeal for such ordinance has expired without any appeal.

8. 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 the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Town and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the Town to pay for the same without jeopardizing the security of or payments on the Bonds.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, passed, adopted and entered into by or on behalf of the Town in any way connected with the construction, acquisition, operation and financing of the Project were authorized, passed or adopted at meetings of the Council duly and regularly or specially called and held pursuant to all applicable statutes and the rules of procedure of Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings.

10. GRANTS: As of the date hereof, the United States Department of Commerce, Economic Development Authority ("EDA") has committed to the Town the approximate amount of \$750,000, and the Appalachian Regional Commission ("ARC") has committed to the Town the approximate amount of \$300,000. Said commitments of EDA and ARC are in force and effect as of the date hereof.

11. INSURANCE: The Town has maintained and will or, as appropriate, has required and will require all contractors to, maintain workers' compensation, public liability and property damage insurance, business interruption insurance, flood insurance, and builder's risk insurance where applicable, in accordance with the Ordinance and the Loan Agreements.

12. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Town contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Town 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 therein not misleading; and (iv) to the best knowledge of the undersigned, the Town has not violated any commitment made by it in its Application or in any supporting documentation and has not violated any of the terms of the Loan Agreement.

13. PRIVATE USE OF FACILITIES: The Town 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 initial and continued tax-exempt status of the Bonds. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal 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 Town) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of 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 Town) 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 Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person 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.

14. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Bonds numbered R-1 and SR-1, respectively, which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority thereof and being substantially in the form prescribed in the Ordinance.

WITNESS our signatures and the official corporate seal of The Town of Moorefield on this 20th day of November, 1987.

[CORPORATE SEAL]

Signature

Official Title

30. 2/16/87

[Signature]

Jack H. Walters

Mayor

Recorder

Town Attorney



UNITED STATES OF AMERICA
 STATE OF WEST VIRGINIA
 COUNTY OF HARDY
 TOWN OF MOOREFIELD
 WATER REVENUE BONDS,
 SERIES 1987

No. R-1

\$443,275

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia, in Hardy County of said State (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of Four Hundred Forty-Three Thousand Two Hundred Seventy-Five Dollars (\$443,275), 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 date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning April 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, 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, paying agent (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed to the registered owner at the address as it appears on the books of One Valley Bank, National Association, 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 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 as otherwise provided by the Loan Agreement, dated October 15, 1987, between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing waterworks system of the Town (the "Project"), and (ii) 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"), an Ordinance duly passed by the Town on the 3rd day of November, 1987, and a Supplemental Resolution adopted by the Town on the 16th day of November, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Supplemental Water Revenue Bonds, Series 1987 of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of \$108,725, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds of this issue.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO THE LIENS AND SOURCES OF AND SECURITY FOR PAYMENT WITH THE WATER REVENUE BONDS, SERIES 1974, DATED AUGUST 12, 1975, OF THE TOWN (THE "PRIOR BONDS"), OUTSTANDING ON THE DATE OF ORIGINAL ISSUANCE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$202,262.13.

This Bond is payable only from and secured by a pledge of a shared first lien on the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operation and maintenance expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate liability of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which together with any other revenues of the System shall be sufficient 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 year of principal of and interest on all obligations on a parity or prior to the Bonds, payable from such revenues, including the Prior Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any year and in the reserve account for the Prior Bonds an amount equal to the requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar, kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements, 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 Ordinance and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Owner of this Bond.

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated November 20, 1987.

[SEAL]

"SPECIMEN"

L. K. [Signature]
Mayor

ATTEST:

"SPECIMEN"

[Signature]
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Water Revenue Bonds, Series 1987 described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

ONE VALLEY BANK,
NATIONAL ASSOCIATION
as Registrar

"SPECIMEN"
By *[Signature]*
Its Authorized Officer

Dated: November 20, 1987

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD	ENDING	10/1 COUPON PRIN.	INTEREST	DEBT SERVICE
1988	8.38		32,090.41	32,090.41
1989	8.38	1,831	37,146.45	38,977.45
1990	8.38	1,985	36,993.01	38,978.01
1991	8.38	2,151	36,826.66	38,977.66
1992	8.38	2,331	36,646.41	38,977.41
1993	8.38	2,527	36,451.07	38,978.07
1994	8.38	2,738	36,239.31	38,977.31
1995	8.38	2,968	36,009.87	38,977.87
1996	8.38	3,216	35,761.15	38,977.15
1997	8.38	3,486	35,491.65	38,977.65
1998	8.38	3,778	35,199.52	38,977.52
1999	8.38	4,095	34,882.92	38,977.92
2000	8.38	4,438	34,539.76	38,977.76
2001	8.38	4,810	34,167.86	38,977.86
2002	8.38	5,213	33,764.78	38,977.78
2003	8.38	5,650	33,327.93	38,977.93
2004	8.38	6,123	32,854.46	38,977.46
2005	8.38	6,636	32,341.35	38,977.35
2006	8.38	7,193	31,785.26	38,978.26
2007	8.38	7,795	31,182.48	38,977.48
2008	8.38	8,449	30,529.26	38,978.26
2009	8.38	9,156	29,821.24	38,977.24
2010	8.38	9,924	29,053.96	38,977.96
2011	8.38	10,755	28,222.33	38,977.33
2012	8.38	11,657	27,321.06	38,978.06
2013	8.38	12,634	26,344.21	38,978.21
2014	8.38	13,692	25,285.48	38,977.48
2015	8.38	14,840	24,138.09	38,978.09
2016	8.38	16,083	22,894.50	38,977.50
2017	8.38	17,431	21,546.74	38,977.74
2018	8.38	18,892	20,086.02	38,978.02
2019	8.38	20,475	18,502.87	38,977.87
2020	8.38	22,191	16,787.07	38,978.07
2021	8.38	24,050	14,927.46	38,977.46
2022	8.38	26,066	12,912.07	38,978.07
2023	8.38	28,250	10,727.74	38,977.74
2024	8.38	30,617	8,360.39	38,977.39
2025	8.38	33,183	5,794.69	38,977.69
2026	8.38	35,966	3,013.95	38,979.95

443,275 1,069,971.44 1,513,246.44

L.K.



UNITED STATES OF AMERICA
 STATE OF WEST VIRGINIA
 COUNTY OF HARDY
 TOWN OF MOOREFIELD
 SUPPLEMENTAL WATER
 REVENUE BOND, SERIES 1987

No. SR-1

\$108,725

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia, in Hardy County of said State, (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of One Hundred Eight Thousand Seven Hundred Twenty-Five Dollars (\$108,725), 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.

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

This Bond may be **SPECIMEN** redeemed at its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and as otherwise provided by the Supplemental Loan Agreement, dated October 15, 1987, between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing waterworks system of the Town (the "Project"), and (ii) 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"), an Ordinance duly passed by the Town on the 3rd day of November, 1987, and a Supplemental Resolution adopted by the Town on the 16th day of November, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

THIS BOND IS ISSUED CONTEMPORANEOUSLY WITH THE WATER REVENUE BONDS, SERIES 1987, OF THE TOWN (THE "PRIMARY BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF \$443,275, WHICH PRIMARY BONDS RANK PRIOR WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT TO THE BONDS OF THIS ISSUE. THIS BOND IS ALSO JUNIOR AND SUBORDINATE TO THE TOWN'S WATER REVENUE BONDS, SERIES 1974, DATED AUGUST 12, 1975, OUTSTANDING ON THE DATE OF ORIGINAL ISSUANCE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$202,262.13 (THE "PRIOR BONDS"), WHICH PRIOR BONDS ARE ON A PARITY WITH THE PRIMARY BONDS.

This Bond is payable only from and secured by a pledge of a second lien on the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Supplemental Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operation and maintenance expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same except from said special fund provided from the Gross Revenues, the moneys in the Supplemental Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with any 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 year of principal of the Bonds and of principal of and interest on all obligations on a parity or prior to the Bonds, including the Primary Bonds and the Prior Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal which will become due on the Bonds and any bonds on a parity therewith in any year, and in the reserve accounts for the respective requirements therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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 Ordinance, and there shall be and hereby is created and

granted a lien upon such moneys, until so applied, in favor of the owner of this Bond; provided that such lien on moneys deposited in the Bond Construction Trust Fund created by the Ordinance shall be subordinate to that of the Primary 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 Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated November 20, 1987.

[SEAL]

"SPECIMEN"

ATTEST:

[Signature]
Recorder

"SPECIMEN"

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Water Revenue Bonds, Series 1987 described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

ONE VALLEY BANK,
NATIONAL ASSOCIATION
as Registrar

[Signature]
Authorized Officer

"SPECIMEN"

Dated: *NOVEMBER 20, 1987*

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

TOWN OF MOOREFIELD (WATER)
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER

----- 1986 SERIES A BONDS -----
ZERO
COUPON
BONDS

	.00
1988	.00
1989	2,861.34
1990	2,861.18
1991	2,861.18
1992	2,861.18
1993	2,861.18
1994	2,861.18
1995	2,861.18
1996	2,861.18
1997	2,861.18
1998	2,861.18
1999	2,861.18
2000	2,861.18
2001	2,861.18
2002	2,861.18
2003	2,861.18
2004	2,861.18
2005	2,861.18
2006	2,861.18
2007	2,861.18
2008	2,861.18
2009	2,861.18
2010	2,861.18
2011	2,861.18
2012	2,861.18
2013	2,861.18
2014	2,861.18
2015	2,861.18
2016	2,861.18
2017	2,861.18
2018	2,861.18
2019	2,861.18
2020	2,861.18
2021	2,861.18
2022	2,861.18
2023	2,861.18
2024	2,861.18
2025	2,861.18
2026	2,861.18

"SPECIMEN"

L.K.

108,725.00

[Form of Assignment]

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

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

Dated: _____, _____.

In the presence of:

"SPECIMEN"

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

CERTIFICATE AS TO NON-ARBITRAGE

I, Larry Kuykendall, Mayor of The Town of Moorefield, West Virginia (herein called the "Town"), hereby certify and reasonably expect with respect to the issuance of the \$443,275 in aggregate principal amount of the Town's Water Revenue Bonds, Series 1987, dated as of the date hereof (the "Bonds") and with respect to the issuance of \$108,725 in aggregate principal amount of the Town's Supplemental Water Revenue Bonds, Series 1987, dated as of the date hereof (the "Supplemental Bonds"), (collectively, the "Bonds"), as follows:

1. Capitalized words not defined herein shall have the meanings defined in the Ordinance, passed by the Council of the Town on November 3, 1987, and supplemented on November 16, 1987 (the "Ordinance").

2. The original proceeds of the Bonds, being \$552,000, will be used as follows: \$550,000 for the financing of the cost of construction and acquisition of the Project, being certain extensions, improvements and betterments to the existing waterworks system of the Town and \$2,000 for expenses incurred in connection with the issuance of the Bonds. The remaining closing expenses will be paid from the Town's water revenue fund.

3. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purpose of providing funds to pay a portion of the costs of acquisition and construction of the Project. The remainder of such costs are expected to be paid with a grant from the United States Department of Commerce, Economic Development Authority (the "EDA") awarded in the amount of \$750,000 and a grant from Appalachian Regional Commission (the "ARC") in the amount of \$300,000.

4. The total cost of the Project is estimated to be \$1,602,000. The amount of Project costs not expected to be reimbursed or paid from the other sources described in Paragraph 3, above, is estimated to be at least \$552,000.

Except for the proceeds of the EDA grant and the ARC grant as described above, no other funds of the Town 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. \$1,050,000 is the maximum amount available to the Town from the EDA and ARC grants.

5. The Authority, as the original purchaser of the Bonds, requires the Town to fund and maintain its Reserve Account at the maximum amount of principal and interest which will mature and come due on the Bonds in any year (the "Reserve Account Requirement").

6. Pursuant to Article V of the Ordinance, the following special funds or accounts have been created or are being maintained with respect to the Bonds:

- (1) Revenue Fund (when the Prior Bonds are no longer outstanding)
- (2) Renewal and Replacement Fund (when the Prior Bonds are no longer outstanding);
- (3) Bond Construction Trust Fund; and
- (4) Sinking Fund, and, within the Sinking Fund, the Reserve Account.
- (5) Supplemental Sinking Fund and, within the Supplemental Sinking Fund, the Supplemental Reserve Account.

7. Pursuant to Article VI of the Ordinance, the proceeds of the Original Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of the Costs of the Project, including costs of issuance of the Bonds.

8. All moneys in the Sinking Fund described in Paragraph 6(4) above will be held for the payment of the principal due and the interest to accrue on the Original Bonds on or prior to the maturity thereof. All moneys in the Supplemental Sinking Fund described in Paragraph 6(5) above will be held for the payment of the principal due on the Supplemental Bonds on or prior to the maturity thereof. Except for interest earned during the construction period for the Project, which will be at least annually transferred to the Bond Construction Trust Fund, moneys held in the Sinking Funds

will be used solely to pay principal of and interest on the Bonds and will not be available to meet the Costs of the Project.

9. Except for the Sinking Funds described in Paragraphs 6(4) and (5) above (including the Reserve Accounts established therein), there are no other funds or accounts established or held by the Town which are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the Town encounters financial difficulties.

10. Any money deposited in the Sinking Funds, other than in the Reserve Accounts therein, will be spent within a thirteen-month period beginning on the date of receipt, and any money received from the investment of the amounts held in the Sinking Funds, other than in the Reserve Accounts therein, will be spent within a one-year period beginning on the date of receipt. Such funds are designed to achieve a proper matching of the Town's revenues and debt service on the Bonds within each bond year. Investment earnings on the Reserve Account will be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and, thereafter, to the Revenue Fund.

11. The Town has entered into binding obligations in excess of \$100,000 for construction of the Project and work on the Project will proceed with due diligence to completion. All of the proceeds of the Bonds will be expended within three years of May 22, 1986. The Town reasonably expects all Bond proceeds to be spent by January 1, 1989.

12. Except as provided in the Ordinance, the Project will not be sold or otherwise disposed of in whole or in part before the maturity of the Bonds.

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

14. The Town 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 Town or that there is any disqualification of the Town by the Internal Revenue Service because a certification made by the Town contains a material misrepresentation.

15. The Town has covenanted in the Ordinance to make no use of the proceeds of the Bonds which would cause the Bonds

to be "arbitrage bonds" within the meaning of the Treasury Regulations or Section 148 of the Internal Revenue Code of 1986 (the "Code").

16. The Town will take all further actions necessary to comply with the Code.

17. The Town has general taxing powers to finance operations of or facilities of the nature of the System, and the Town 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 other tax-exempt obligations during the current calendar year except for the Town's \$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987 and the Town's \$38,440 Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, both dated November 20, 1987. The Town has authorized, but not yet issued, a Note evidencing indebtedness up to \$100,000 under a line of credit agreement to temporarily finance the cost of acquisition and construction of the Project pending receipt of the EDA and ARC grant receipts and a Note evidencing indebtedness up to \$500,000 under a line of credit agreement to temporarily finance the cost of acquisition and construction of the Town's sewer project pending the receipt of certain grant receipts awarded therefore.

18. To the best of my knowledge, information and belief, the above expectations are reasonable. I am one of the officers of the Town charged by the Town in the Ordinance with responsibility for issuance of the Bonds, and, as such, I am an official whose certification may be relied upon as the certification of the Town.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 20th day of November, 1987.

TOWN OF MOOREFIELD, WEST VIRGINIA

By: Larry Kuykendall
Larry Kuykendall, Mayor



TOWN OF MOOREFIELD

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

ENGINEER'S CERTIFICATE

I, William Pallavicini, Registered Professional Engineer, West Virginia License No. 8519, Petersburg, West Virginia, hereby certify that my firm is engineer for the construction and acquisition of extensions, additions, improvements and betterments to the existing waterworks system (herein called the "Project") (the Project being financed with the proceeds of the above-referenced bonds is herein called the "Project") of the Town of Moorefield, West Virginia (the "Town"), to be constructed in Moorefield, West Virginia. The construction and acquisition of the Project are being financed in part by the above-captioned bonds of the Town (the "Bonds"). Capitalized words not defined herein shall have the meanings set forth in an Ordinance passed by the Council of the Town on November 3, 1987, and supplemented on November 16, 1987, (the "Ordinance") and the Loan Agreement and Supplemental Loan Agreement, both dated October 15, 1987, by and between the Town and the West Virginia Water Development Authority.

1. The Project is estimated to cost \$1,600,000 and is being partially funded by a United States Department of Commerce, Economic Development Authority (the "EDA") grant in the amount of \$750,000 and an Appalachian Regional Commission (the "ARC") grant in the amount of \$300,000.

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the plans, specifications and designs prepared by my firm, or approved amendments thereto prepared by us and approved by the Town, and as described in the application, as amended, submitted to the Authority requesting the Authority to purchase the Bonds (the "Application"), and approved by all necessary governmental bodies; (ii) the Project is consistent with the standards set by the West Virginia Department of Health; (iii) the Project is adequate for the purpose for which it was designed; (iv) the Town has received bids for the construction of the Project which are in amounts and otherwise compatible with the plan of financing described in the Application; (v) I have ascertained that the contractor has made required provisions for all insurance and payment and performance bonds and has verified or will prior to award verify such insurance policies or binders and such bonds for accuracy; (vi) the Town has obtained all

permits required by the laws of the State and the federal government necessary for the construction of the Project; (vii) I anticipate giving a notice of completion of the Project no later than September 27, 1988; (viii) the net proceeds of the Bonds and the Supplemental 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 the costs of construction and acquisition of the Project as set forth in the Application.

Attached hereto as Exhibit is the Final Amended Schedule A.

WITNESS my signature as of this 20th day of November, 1987.


WILLIAM PALLAVICINI

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town Of Moorefield
 TOTAL COST OF PROJECT AND SOURCES OF FUNDS 10-22-87

A. Cost of Project

1. Construction	\$ 1,306,177	
2. Technical Services	\$ 183,000	
3. Legal and Fiscal	\$ 4,000	
4. Administrative	\$ 14,500	
5. Site and Other Lands	\$ 20,000	
6. Step I and/or Step II or Other Loan Repayment (Specify Type: _____)	\$ 00	
7. Interim Financing Costs	\$ 5,000	
8. Contingency	\$ 67,323	
9. Total of Lines 1 through 8		\$ 1,600,000

B. Sources of Funds

10. Federal Grants: ¹ (Specify Source)	EDA Grant	\$ 750,000	
	ARC Grant	\$ 300,000	
11. State Grants: ¹ (Specify Source)	_____		

12. Other Grants: ¹ (Specify Source)	_____		

13. Any Other Source ² (Specify)	_____		

14. Total of Lines 10 through 13			\$ 1,050,000
15. Proceeds Required from Bond Issue (Line 9 less Line 14)			\$ 550,000
16. Cost of Financing ³			
(a) Capitalized Interest	\$ 0		
(b) Funded Reserve Account ⁴	\$ 0		
(c) Other Costs ⁵	\$ 2,000.00		
Total Cost of Financing			\$ 2,000
17. Size of Bond Issue (Line 15 plus Total from Line 16)			\$ 552,000

¹ Attach supporting documentation not previously submitted. If not yet available, state such and expectations as to availability.
² For example, interest earnings during construction, if applicable. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation if available (if not yet available, state such and expectations as to availability).
³ Do not include the Authority's costs of financing.
⁴ Confirm with bond counsel that funding will not impact tax-exempt status of bond issue.
⁵ For example, fees of bond counsel for the Governmental Agency.
⁶ Legal fees paid by the Authority but allocable to the Governmental Agency.

Lucille S. Gohdes, CPA
Rosalie E. Thomas, CPA

GOHDES & THOMAS
Certified Public Accountants
401 Maple Avenue - P.O. Box 655
MOOREFIELD, W. VA. 26836
(304) 538-2035

TOWN OF MOOREFIELD, WEST VIRGINIA

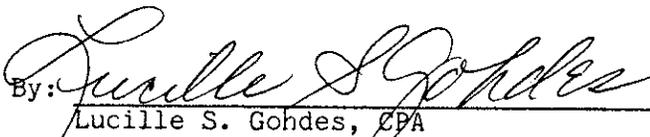
\$443,275 Water Revenue Bonds
Series 1987

\$108,725 Supplemental Water Revenue Bonds
Series 1987

ACCOUNTANT'S CERTIFICATE

The undersigned, on behalf of Gohdes & Thomas, independent certified public accountants, Moorefield, West Virginia, hereby certifies that, based upon the rates and charges set forth in the ordinance enacted by the Council of the Town of Moorefield, West Virginia (the "Town"), on April 7, 1987, (the "Rate Ordinance") and the Schedules "X" attached to the Loan Agreement and the Supplemental Loan Agreement, both dated October 15, 1987, between the Town and the West Virginia Water Development Authority (the "Loan Agreements"), the rates and charges for the water system of the Town are sufficient to comply with the provisions of Subsections 4.1(b)(ii) of the Loan Agreements.

WITNESS my signature this 20th day of November, 1987.

By: 

Lucille S. Gohdes, CPA

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of November, 1987, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its \$443,275 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Original Bonds"), in the form of one bond numbered SR-1, and its \$108,725 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the Town on November 3, 1987, as supplemented on November 16, 1987 (the "Ordinance");

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 Ordinance, a copy of which has been received by the Registrar and is incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as registrar under the Ordinance 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 Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Original 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 \$500 to the Registrar upon the execution of this Registrar's Agreement and from time to time 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 Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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 address:

GOVERNMENTAL AGENCY

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
One Valley Square
P. O. Box 1722
Charleston, West Virginia
Attention: Corporate Trust Department

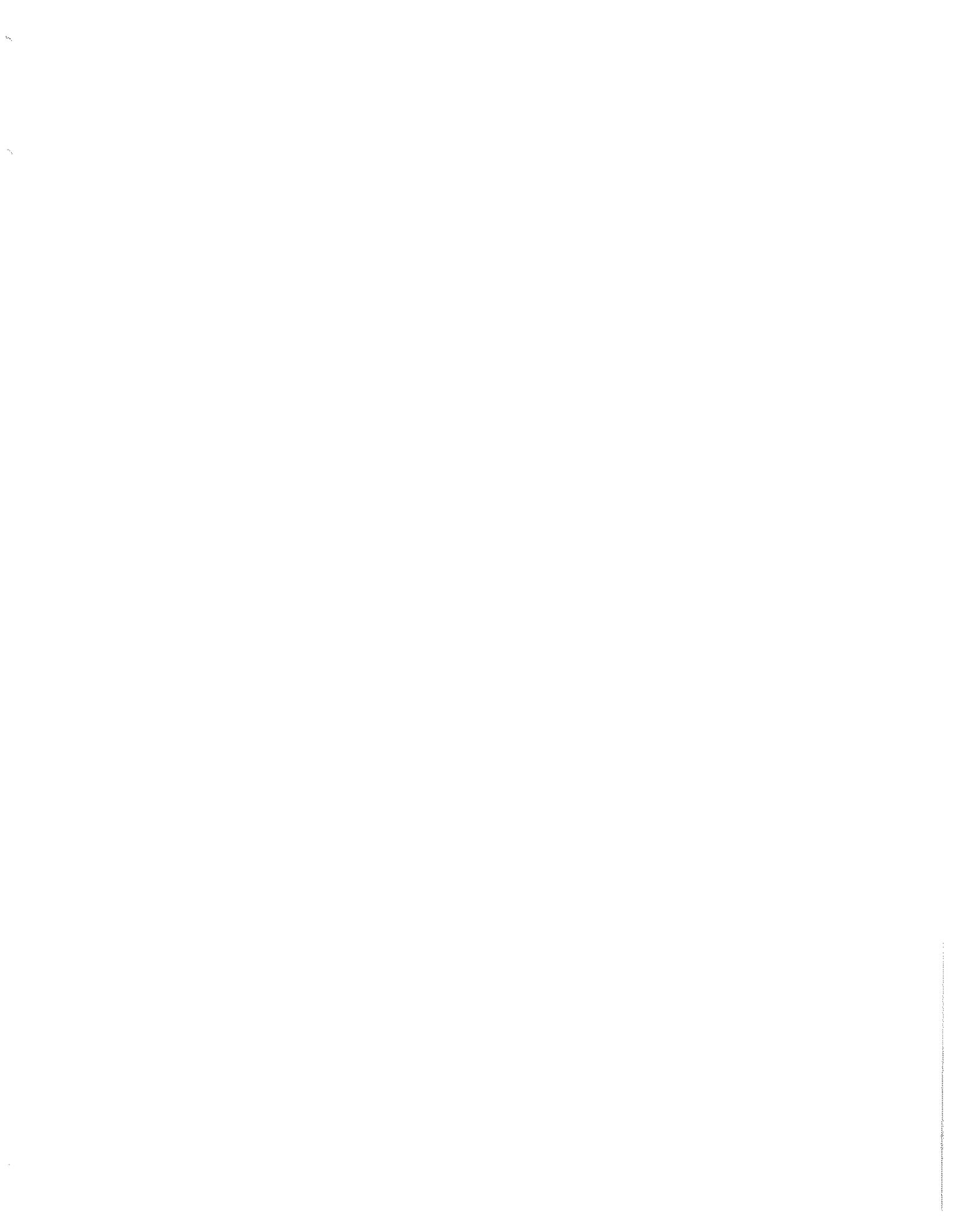
IN WITNESS WHEREOF, the TOWN OF MOOREFIELD, and One Valley Bank, National Association, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MOOREFIELD

By: Larry Kuykendall
Larry Kuykendall, Mayor

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By: Charlette Moya
Assistant Corporate Trust
Officer



TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

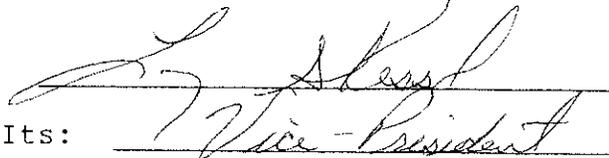
SOUTH BRANCH VALLEY NATIONAL BANK, a national banking corporation, with its principal office in the Town of Moorefield, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Moorefield passed November 3, 1987, and the Supplemental Resolution adopted November 16, 1987 (collectively, the "Ordinance") authorizing issuance of the Town of Moorefield Water Revenue Bonds, Series 1987, dated November 20, 1987, in the aggregate principal amount of \$443,275 and the Town of Moorefield Supplemental Water Revenue Bonds, Series 1987, in the aggregate principal amount of \$108,725 (the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Ordinance.

Witness my signature as of the 20th day of November, 1987.

SOUTH BRANCH VALLEY NATIONAL BANK

By:

Its:


Vice-President

REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

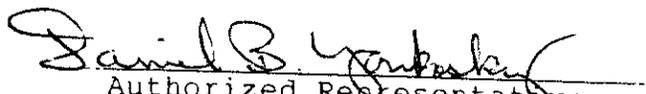
TO: One Valley Bank, National Association, Trustee

- A. Name of Governmental Agency to which payment is to be made: Town of Moorefield, West Virginia
- B. Total Amount to be paid: \$443,275
- C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of October 15, 1987, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, the Supplemental Bond Payments, and all other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.


Authorized Representative
West Virginia Water Development
Authority

DATE: November 20, 1987

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bonds, Series 1987, numbered R-1, of the Town of Moorefield, West Virginia, in the principal amount of \$443,275 and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: November 20, 1987

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

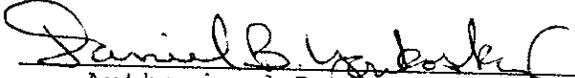

Authorized Representative

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Supplemental Water Revenue Bonds, Series 1987, numbered SR-1, of the Town of Moorefield, West Virginia, in the principal amount of \$108,725 and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: November 20, 1987

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY


Authorized Representative

0
0
0



TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

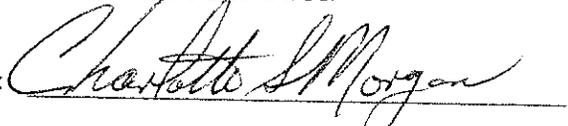
\$108,725 Supplemental Water Revenue Bonds,
Series 1987

CERTIFICATE OF REGISTRATION AND DELIVERY OF BONDS

I, Charlotte Morgan, ~~Assistant~~ Assistant Corporate Trust Officer of One Valley Bank, National Association, as Registrar under the ordinance providing for the issuance of the Water Revenue Bonds, Series 1987 (the "Series 1987 Bonds"), and the Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds") (collectively, the "Bonds"), of the Town of Moorefield, West Virginia (the "Town"), hereby certify that on the 20th day of November, 1987, the fully registered Series 1987 Bonds in the principal amount of \$443,275 and in the form of one bond numbered R-1, and the Supplemental Bonds in the principal amount of \$108,725 and in the form of one bond numbered SR-1, both dated of the date hereof, were duly authenticated, were registered as to principal and the Series 1987 Bonds were registered as to interest in the name of "West Virginia Water Development Authority" in the books of the Town kept for that purpose at our office, and were delivered to the West Virginia Water Development Authority upon the request of the Town, all of which actions were taken by a duly authorized officer or officers on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of the 20th day of November, 1987.

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By: 

Its: Assistant Corporate
Trust Officer

TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

RECEIPT FOR BONDS

The undersigned, EDGAR N. HENRY, Director of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the date hereof, in Dunbar, West Virginia, the Authority received the entire original issue of \$443,275 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Original Bonds"), of Town of Moorefield, West Virginia (the "Town"), and the entire original issue of \$108,725 in aggregate principal amount of the Town's Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds") (collectively, the "Bonds"). Said Bonds were dated the date hereof, and were issued in the form of one bond per issue, fully registered to the Authority, and numbered R-1 and SR-1, respectively.

2. At the time of receipt of such Bonds, they had been executed by Larry Kuykendall, as Mayor of the Town of Moorefield, by his manual signature, and attested by Phyllis J. Sherman, as Recorder by her manual signature, and the official seal of the Town had been impressed upon each Bond.

IN WITNESS WHEREOF, Edgar N. Henry, Director, duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 20th day of November, 1987.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By:


Director



TOWN OF MOOREFIELD, WEST VIRGINIA

\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

RECEIPT FOR BOND PROCEEDS

The undersigned Larry Kuykendall, Mayor of the Town of Moorefield, West Virginia (the "Town"), hereby certifies as follows:

1. The Town has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the Town's \$443,275 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Original Bonds"), of the proceeds of the Original Bonds in the amount of \$443,275 (100% of par value), with no interest having been accrued thereon.

2. The Town has received and hereby acknowledges receipt from the Authority, as original purchaser of the Town's \$108,725 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds") of \$81,563, and the remaining proceeds in the amount of \$27,162 are expected to be received from the Authority within three weeks, for a total of \$108,725 (100% of par value).

IN WITNESS WHEREOF, the Town of Moorefield has caused this receipt to be executed by its Mayor on this 20th day of November, 1987.

TOWN OF MOOREFIELD, WEST VIRGINIA

By: *Larry Kuykendall*
Larry Kuykendall, Mayor

RECEIVED

JAN - 7 1988

TOWN OF MOOREFIELD, WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

\$108,725 Supplemental Water Revenue Bonds, Series 1987

RECEIPT FOR REMAINDER OF BOND PROCEEDS

The undersigned Larry Kuykendall, Mayor of the Town of Moorefield, West Virginia (the "Town"), hereby certifies as follows:

The Town has received and hereby acknowledges receipt from the Authority, as original purchaser of the Town's \$108,725 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds") of the remaining proceeds of the Supplemental Bonds in the amount of \$27,162 for a total of \$108,725 (100% of par value).

IN WITNESS WHEREOF, the Town of Moorefield has caused this receipt to be executed by its Mayor on this 5 day of ~~December, 1987.~~

January 1988.

TOWN OF MOOREFIELD,
WEST VIRGINIA

By: *L. Kuykendall*
Larry Kuykendall, Mayor

1771B

RECEIVED

JAN 12 1988

MBC

REQUISITION FORM

South Branch Valley National Bank
310 N. Main Street
Box 680
Moorefield, West Virginia 26836

Re: Town of Moorefield, West Virginia
\$443,275 Water Revenue Bonds,
Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

Ladies and Gentlemen:

You are authorized to make the following disbursements from the Bond Construction Trust Fund created pursuant to the Ordinance, as supplemented, authorizing the above-noted Bonds, a copy of which has been previously delivered to you:

The expenses listed above have been incurred as Costs of the Project and have not been the basis of any previous disbursement.

TOWN OF MOOREFIELD, WEST VIRGINIA

By: _____
MAYOR or RECORDER

WILLIAM PALLAVICINI, CONSULTING ENGINEER

DATE: _____

*Bonds bear interest at 8.38% and Supplemental Bonds bear no interest. **Not Computed

Form **8038-G**

(December 1986)

Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

Under Section 149(e)

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

OMB No. 1545-0720

Expires 12-31-89

Part I Reporting Authority

Check box if Amended Return

1 Issuer's name <u>Town of Moorefield</u>	2 Issuer's employer identification number <u>55-6000214</u>
3 Number and street <u>206 Winchester Avenue</u>	4 Report number <u>G198 7 - 1</u>
5 City or town, state, and ZIP code <u>Moorefield, West Virginia 26836</u>	6 Date of issue <u>November 20, 1987</u>

Part II Type of Issue (check box(es) that applies)

7 Check box if bonds are tax or other revenue anticipation bonds <input type="checkbox"/>	Issue Price
8 Check box if bonds are in the form of a lease or installment sale <input type="checkbox"/>	
9 <input type="checkbox"/> Education	
10 <input type="checkbox"/> Health and hospital	
11 <input type="checkbox"/> Transportation	
12 <input type="checkbox"/> Public safety	
13 <input type="checkbox"/> Environment (including sewage bonds)	
14 <input type="checkbox"/> Housing	\$552,000
15 <input checked="" type="checkbox"/> Utilities	
16 <input type="checkbox"/> Other. Describe (see instructions) <u>\$443,275 Water Revenue Bonds, Series 1987 and \$108,725 Supplemental Water Revenue Bonds, Series 1987</u>	
16 <input type="checkbox"/> Other. Describe (see instructions) <u></u>	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	<u>10/1/2026</u>	<u>* %</u>	<u>38,827.18</u>	<u>38,827.18</u>			
18 Entire issue			<u>552,000</u>	<u>552,000</u>	<u>27.28 years</u>	<u>**</u>	<u>7%</u>

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

19 Proceeds used for accrued interest	19 0
20 Proceeds used for bond issuance costs (including underwriters' discount)	20 0
21 Proceeds used for credit enhancement	21 0
22 Proceeds allocated to reasonably required reserve or replacement fund	22 0
23 Proceeds used to refund prior issues	23 0
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24 \$552,000

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

25 Enter the remaining weighted average maturity of the bonds to be refunded	N/A years
26 Enter the last date on which the refunded bonds will be called	N/A
27 Enter the date(s) the refunded bonds were issued	N/A

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue N/A

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply

c Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii)

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units and enter the amount

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue and enter the name of the issuer West Virginia Water Develop. Auth. and the date of the issue May 22, 1986

Please Sign Here

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

[Signature]
Signature of officer

Nov. 29, 1987
Date

Mayor
Title

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

NEW ISSUE REPORT FORM

Date of Report: November 20, 1987

(See Reverse for Instructions)

ISSUE: \$443,275 Water Revenue Bonds, Series 1987

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836

COUNTY: Hardy

PURPOSE: New Money

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

ISSUE DATE: November 20, 1987

CLOSING DATE: November 20, 1987

ISSUE AMOUNT: \$ 443,275

RATE: 8.38%

1st DEBT SERVICE DUE: April 1, 1988

1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: \$13,517.18

PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson, Kelly, Holt & O'Farrell

Contact Person: Samme Gee, Esquire

Phone: (304) 340-1318

DEPOSITORY South Branch Valley

~~BANK~~ BANK: National Bank

Contact Person: Larry S. Kessel

Phone: (304) 538-2353

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Phyllis J. Sherman

Position: Recorder

Phone: (304) 538-6142

~~UNDERWRITERS~~ PURCHASER'S

BOND COUNSEL: Jackson, Kelly, Holt & O'Farrell

Contact Person: Samme Gee, Esquire

Phone: (304) 340-1318

REGISTRAR: One Valley Bank, National

~~ESCROW TRUSTEE~~ ESCROW TRUSTEE: Association

Contact Person: Charlotte Morgan

Phone: (304) 348-7000

OTHER: West Virginia Water Development Authority

Contact Person: Edgar Henry, Director

Function: Original Purchaser

Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: _____

\$ -0-

Capitalized Interest: _____

\$ -0-

Reserve Account: _____

\$ -0-

Other: _____

\$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: _____

\$ N/A

To Issuer: _____

\$ N/A

To Cons. Invest. Fund: _____

\$ N/A

To Other: _____

\$ N/A

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

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

NEW ISSUE REPORT FORM

Date of Report: November 20, 1987

(See Reverse for Instructions)

ISSUE: \$108,725 Supplemental Water Revenue Bonds, Series 1987
 ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE: New Money X
 OF ISSUE: Refunding Refunds issue(s) dated: ---

ISSUE DATE: November 20, 1987 CLOSING DATE: November 20, 1987

ISSUE AMOUNT: \$108,725 RATE: -0-

1st DEBT SERVICE DUE: October 1, 1989 1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: \$2,861.34 PAYING AGENT: WV Municipal Bond Commission

ISSUERS: Jackson, Kelly, Holt & O'Farrell
 BOND COUNSEL: O'Farrell
 Contact Person: Samme Gee, Esquire
 Phone: (304) 340-1318

~~UNDERWRITERS~~ PURCHASER'S BOND COUNSEL: Jackson, Kelly, Holt & O'Farrell
 Contact Person: Samme Gee, Esquire
 Phone: (304) 340-1318

DEPOSITORY: South Branch Valley National Bank
 CLOSING BANK: National Bank
 Contact Person: Larry S. Kessel
 Phone: (304) 538-2352

REGISTRAR: One Valley Bank, National Association
~~ESCROW TRUSTEE~~
 Contact Person: Charlotte Morgan
 Phone: (304) 348-7000

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: Phyllis J. Sherman
 Position: Recorder
 Phone: (304) 538-6142

OTHER: West Virginia Water Development Authority
 Contact Person: Edgar Henry, Director
 Function: Original Purchaser
 Phone: (304) 348-3612

DEPOSITS TO MBC AT CLOSE:

By <u>Wire</u>	Accrued Interest:	\$ <u>-0-</u>
<u>Check</u>	Capitalized Interest:	\$ <u>-0-</u>
	Reserve Account:	\$ <u>-0-</u>
	Other:	\$ <u> </u>

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By <u>Wire</u>	To Escrow Trustee:	\$ <u>N/A</u>
<u>Check</u>	To Issuer:	\$ <u>N/A</u>
<u>IGT</u>	To Cons. Invest. Fund:	\$ <u>N/A</u>
	To Other:	\$ <u>N/A</u>

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
 DOCUMENTS REQUIRED: _____
 TRANSFERS REQUIRED: _____

JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

MORGANTOWN OFFICE
618 MONONGAHELA BUILDING
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-292-7311

LOUISVILLE OFFICE
600 MEIDINGER TOWER
LOUISVILLE, KENTUCKY 40202
TELEPHONE 502-589-6800

LEXINGTON OFFICE
175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-255-9500

FRANKFORT OFFICE
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

November 20, 1987

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

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836

Ladies and Gentlemen:

We are bond counsel to the Town of Moorefield, West Virginia (the "Governmental Agency"), a municipal corporation created 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 October 15, 1987 including all schedules and exhibits attached 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 water revenue bonds of the Governmental Agency, dated November 20, 1987 (the "Original Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Original Bonds are in the principal amount of \$443,275, 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, 1988, at the rate of 8.38 percent per annum, and with principal payable in installments on October 1 in each of the years 1988 through 2026, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Original Bonds.

The Original Bonds are on a parity as to lien and source of and security for payment with the Governmental Agency's Water Revenue Bonds, Series 1974 dated August 12, 1975 (the "Prior Bonds").

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 2

The Original Bonds are issued for the purpose of acquiring and constructing certain extensions, improvements and betterments to the waterworks system of the Governmental Agency (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and note ordinance duly passed by the Governmental Agency on November 3, 1987, as supplemented on November 16, 1987 (the "Local Act"), pursuant to and under which Local Statute and Local Act the Original Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Original 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 created and existing under the laws 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 Original Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary ordinances, resolutions and orders in connection with the issuance and sale of the Original Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 3

5. The Original 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, said lien being on a parity with that created for the Prior Bonds, all in accordance with the terms of the Original Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. The Original Bonds and the interest thereon are, by statute, exempt from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. Under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Original Bonds is excludable from gross income for the purpose of federal income taxation; we call your attention to the fact that interest on the Original Bonds will be taken into account in determining adjusted net book income and in determining adjusted current earnings for tax years ending after December 31, 1989, for the purpose of computing the alternative minimum tax imposed on corporations by the Internal Revenue Code of 1986, as amended (the "Code"). The opinion given in this paragraph 7 assumes, and is subject to the assumption, that the Governmental Agency will comply, and will cause the Depository Bank, the Paying Agent and the Registrar to comply, on a continuing basis, with all the covenants relating to federal tax matters in the Local Act and that certain certifications made by the Governmental Agency in connection with the issuance of the Original Bonds are and will continue to be correct. Failure to comply with such covenants or adhere to such certifications could cause the interest on the Original Bonds to be includable in gross income for the purpose of federal income taxation retroactively to their date of issue.

8. No opinion is given herein as to the effect upon enforceability of the Original Bonds or the Loan Agreement of any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 4

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

Very truly yours,

Jackson, Kelly, Holt & O'Farrell

JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

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TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

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175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-255-9500

FRANKFORT OFFICE
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

November 20, 1987

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

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836

Ladies and Gentlemen:

We are bond counsel to the Town of Moorefield, West Virginia (the "Governmental Agency"), a municipal corporation created 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 October 15, 1987, 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 water revenue bonds of the Governmental Agency, dated November 20, 1987 (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 \$108,725 issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments of approximately \$2,861.34 on October 1 in each of the years 1988 through 2026, inclusive.

The Supplemental Loan Agreement is supplemental to a loan agreement dated October 15, 1987, also 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 (the "Original Bonds"), which Original Bonds are issued simultaneously herewith, and to

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 2

the Governmental Agency's Water Revenue Bonds, Series 1974 dated August 12, 1975 (the "Prior Bonds").

The Supplemental Bonds are issued, together with the Original Bonds, for the purpose of acquiring and constructing certain extensions, improvements and betterments to the waterworks system of the Governmental Agency (the "Project"), and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 19, of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and note ordinance duly passed by the Governmental Agency on November 3, 1987, as supplemented on November 16, 1987 (the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion 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 created and existing under the laws 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.

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 3

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary ordinances, resolutions and orders in connection with the issuance and sale of the Supplemental Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

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 second lien on and pledge of the net revenues of said System, all in accordance with the terms of the Supplemental Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge are junior, subordinate and inferior to those created for the Prior Bonds and the Original Bonds.

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

No opinion is given herein as to the enforceability of the Supplemental Bonds or the Supplemental Loan Agreement or the Supplemental Loan Agreement under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

This opinion is qualified to the extent that certain proceeds of the Supplemental Bonds, being \$27,162, were not received by the Governmental Agency at the time of delivery. The Supplemental Bonds evidence only indebtedness in the amount of \$81,563 until the remaining proceeds are received by the Governmental Agency.

This opinion is qualified to the extent that certain proceeds of the Supplemental Bonds, being \$27,162, were not received by the Governmental Agency at the time of delivery. The Supplemental Bond evidence only indebtedness in the amount of \$81,563 until the remaining proceeds are received by the Governmental Agency.

We have examined executed and authenticated Supplemental Bond numbered SR-1, and in our opinion the form of

JACKSON, KELLY, HOLT & O'FARRELL

West Virginia Water Development Authority
Town of Moorefield
November 20, 1987
Page 4

said bond and its execution and authentication are regular and proper.

Very truly yours,

Jackson, Kelly, Holt & O'Farrell

JACKSON, KELLY, HOLT & O'FARRELL

(IN KENTUCKY, JACKSON, KELLY, WILLIAMS & PALMORE)

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

MORGANTOWN OFFICE
618 MONONGAHELA BUILDING
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-292-7311

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600 MEIDINGER TOWER
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LEXINGTON OFFICE
175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40507
TELEPHONE 606-255-9500

FRANKFORT OFFICE
202 WEST MAIN STREET
FRANKFORT, KENTUCKY 40601
TELEPHONE 502-227-4000

November 20, 1987

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836

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

RE: Town of Moorefield, West Virginia
\$443,275 Water Revenue Bonds, Series 1987

\$108,725 Supplemental Water Revenue Bonds,
Series 1987

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of the above-referenced bonds, (together, the "Bonds"), of the Town of Moorefield, West Virginia (the "Town"), a municipal corporation organized and existing under the laws of the State of West Virginia, and a Certificate as to Non-Arbitrage executed by Larry Kuykendall, Mayor of the Town, on this date. In the Certificate as to Non-Arbitrage, the Town represented that (i) the Town has general taxing powers to finance operations of or facilities of the nature of the Project; (ii) the Town and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt bonds during the calendar year 1987, being the calendar year in which the Bonds were issued; and (iii) the Town has issued no other tax-exempt obligations during such calendar year except for the Town's \$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987 and the Town's \$38,440 Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987. The Town has authorized, but not yet issued, a Note evidencing indebtedness up to \$100,000 under a line of credit agreement to temporarily finance the cost of acquisition and construction of the Project

JACKSON, KELLY, HOLT & O'FARRELL

Town of Moorefield
West Virginia Water Development Authority
November 20, 1987
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pending receipt of certain grant receipts and a Note evidencing indebtedness up to \$500,000 under a line of credit agreement to temporarily finance the cost of acquisition and construction of the Town's sewer project pending receipt of certain grant receipts.

We are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Non-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 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.

Accordingly, it is our opinion that, under existing statutes and court decisions, the Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Non-Arbitrage, that the proceeds of the Bonds are not subject to the arbitrage rebate requirement set forth in Section 148(f) of the Code. We express no opinion herein as to the taxability of the interest on the Bonds in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code or any regulations promulgated thereunder or under any predecessor thereto.

Very truly yours,

Jackson, Kelly, Holt & O'Farrell



See, Walters & Krauskopf

Attorneys at Law

P.O. Box 119

Moorefield, West Virginia 26836

Clyde M. See, Jr.

Jack H. Walters

Howard E. Krauskopf

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(304) 538-6618

November 20, 1987

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

Jackson, Kelly, Holt & O'Farrell
P.O. Box 553
Charleston, WV 25322

Re: Town of Moorefield, West Virginia
\$443,275 Water Revenue Bonds, Series 1987

\$108,725 Supplemental Water Revenue
Bonds, Series 1987

Ladies and Gentlemen:

I am Counsel to the Town of Moorefield, West Virginia (the "Town"). As Counsel, I have examined copies of the approving opinions of Jackson, Kelly, Holt & O'Farrell, as bond counsel, relating to the above captioned bonds of the Town (the "Bonds"), the Loan Agreement and Supplemental Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Town, both dated October 15, 1987, and the Ordinance passed by the Council of the Town on November 3, 1987, as supplemented by a resolution adopted on November 16, 1987, (the "Ordinance"), and other documents relating to the Bonds. Terms used in said opinion, the Loan Agreement, Supplemental Loan Agreement and Ordinance and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement and Supplemental Loan Agreement have been duly authorized, executed and delivered by the Town and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of Town in accordance with their terms.

2. The Mayor, Recorder, and the members of the Council were duly and properly elected or appointed, have given the required oaths, and are thereby authorized to act on behalf of the Town.

3. The Ordinance has been duly enacted by the Town and is in full force and effect.

4. The Town has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for the issuance of the Bonds, construction of the Project, operation of the System, including a Certificate of Convenience and Necessity dated October 6, 87, and imposition of the rates and charges and has taken any and all other action required for the imposition of such rates and charges including without limitation, the enactment of an ordinance on April 7, 1987, prescribing such rates and charges. The rate ordinance was duly enacted and the times for appeal of such rate ordinance, and the orders and approval of the PSC, have expired prior to the date hereof without any appeal. Under the terms of the Act, the Town has full authority to establish rates and to pledge the gross revenues from said rates to the payment of the Bonds.

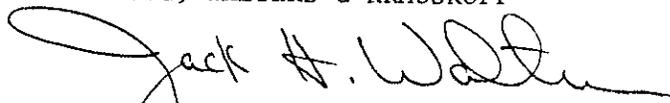
5. The execution and delivery of the Bonds and the Loan Agreement and Supplemental Loan Agreement and the consummation of the transactions contemplated by the Loan Agreement or the Supplemental Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict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

6. The Town has received all necessary permits, licenses, approvals and authorizations that are presently required to construct the Project and to operate the System.

7. 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 Supplemental Loan Agreement, construction of the Project, operation of the System, the validity of the Bonds or the collection or pledge of the Gross Revenues to the payment of the Bonds.

Very truly yours,

SEE, WALTERS & KRAUSKOPF


Jack H. Walters
Counsel for the Town of Moorefield