TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987

Closing: November 20, 1987

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TRANSCRIPT OF PROCEEDINGS

TABLE OF CONTENTS

Document No.		Index No.
	I. Organizational Documents	
1.1	Copy of Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended (the "Act").	1
1.2	Copy of the Charter of the Town of Moorefield, West Virginia (the "Town").	2
1.3	Copy of Rules and Order of Business for the Council of Town (the "Council").	3
1.4	Oaths of Office of the Mayor, Recorder and Members of Council.	4
1.5	General Certificate of Incumbency and Proper Name.	5
	II. Authorizing and Security Documents	
2.1	Ordinance passed by the Council on June 3, 1958, creating the Sanitary Board of the Town (the "Sanitary Board").	6
2.2	Ordinance passed by the Council on June 29, 1963, (the "Prior Ordinance")	

Document No.		Index No.
	authorizing $145,000 in aggregate principal amount of Sewer Revenue Bonds, dated June 1, 1963 of the Town (the "Prior Bonds").	7
2.3	Ordinance passed by the Council on June 14, 1983, effective June 28, 1983 (the "1983 Ordinance")	8
2.4	Ordinance passed by the Council on September 1, 1987 (the "Rate Ordinance") establishing rates and charges for the services of the sewerage system of the Town (the "System") and minutes dated September 1, 1987, of public hearing and regular meeting of Council when the Rate Ordinance was passed.	9
2.5	Minutes of special Council meeting held on October 27, 1987, at which the Bond and Line of Credit Ordinance, as defined below, was introduced.	10
2.6	Copy of the petition presented to the Council by the Sanitary Board, requesting adoption of said Bond and Line of Credit Ordinance and Resolution adopted by Sanitary Board on October 27, 1987 authorizing petition.	11
2.7	Ordinance (without Exhibits A-C), passed by the Council on November 3, 1987 (the "Bond and Line of Credit Ordinance"), authorizing the above-referenced bonds (together, the "Bonds").	12
2.8	Resolution adopted by the Council on November 3, 1987, authorizing publication of an abstract and notice of the Bond and Line of Credit Ordinance.	13

Document No.		Index No.
2.9	Minutes of Council meeting held on November 3, 1987, at which said Bond and Line of Credit Ordinance and a resolution authorizing publication of an abstract and notice of said Bond and Line of Credit Ordinance were passed and adopted, respectively.	14
2.10	Copy of the Affidavit of Publication of the abstract and notice of the Bond and Line of Credit Ordinance in The Moorefield Examiner on November 4, and November 11, 1987.	15
2.11	Copy of parity certificate of independent certified public account dated November 16, 1987.	16
2.12	Resolution adopted by the Council on November 16, 1987, regarding the public hearing on the Bond and Line of Credit Ordinance and putting the Bond and Line of Credit Ordinance into effect (without Exhibit A)	17
2.13	Supplemental Resolution adopted by the Council on November 16, 1987, providing the sale of the Bonds to West Virginia Water Development Authority (the "Authority")	18
2.14	Minutes of Council meeting held on November 16, 1987, regarding the public hearing on and effective date of the Bond and Line of Credit Ordinance and adoption of the Supplemental Resolution authorizing the sale of the Bonds to the Authority.	19
2.15	Loan Agreement dated October 15, 1987, with the Authority.	20
2.16	Supplemental Loan Agreement dated October 15, 1987, with the Authority (without Exhibit A).	21
2.17	Copy of the order dated October 21, 1987 of the Public Service Commission of West Virginia, granting the Town a certificate of convenience and necessity.	22

Document No.		Index No.
2.18	Copy of the Assistance Agreement Amendment awarded as of September 11, 1987, between the Town and the United States Environmental Protection Agency (the "EPA") and the EPA Assistance Agreement awarded September 27, 1982.	23
2.19	Copies of the United States Federal Emergency Management Agency's Damage Survey Reports ("DSRs") with explanation letter from Consulting Engineer.	24
	III. Certificates and Receipts	
3.1	Certificate of Recorder as to Truth and Accuracy of Documents Delivered.	25
3.2	General Certificate, dated November 20, 1987, signed by the Mayor, Recorder and Town Attorney with the specimen Bonds attached.	26
3.3	Certificate as to Non-Arbitrage.	27
3.4	Engineer's Certificate.	28
3.5	Accountant's Certificate.	29
3.6	Registrar's Agreement.	30
3.7	Acceptance of Duties of Depository Bank.	31
3.8	Requisition as to Loan to Governmental Agency.	32
3.9	Request and Authorization as to Authentication and Delivery of the Bonds.	33
3.10	Certificate of Registration and Delivery of Bonds.	34
3.11	Receipt for Bonds.	35
3.12	Receipt for Bond Proceeds.	36

Document No.		Index No.
3.13	Requisition Form.	37
3.14	Form 8038-G.	38
3.15	Municipal Bond Commission Form.	39
	IV. Opinions	
4.1	Opinion of Jackson, Kelly, Holt & O'Farrell (the "Bond Counsel"), regarding Sewer Revenue Bonds, Series 1987.	40
4.2	Opinion of Bond Counsel regarding Supplemental Sewer Revenue Bonds Series 1987.	41
4.3	Opinion of Bond Counsel as to Arbitrage.	42
4.4	Opinion of Jack Walters, Town Attorney.	43

State of West Virginia

CERTIFICATE

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

ATTACHED IS A TRUE COPY OF THE WEST VIRGINIA CODE, CHAPTER 16, ARTICLE 13, "SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS", AND THE 1987 CUMULATIVE SUPPLEMENT TO THE WEST VIRGINIA CODE, CHAPTER 16, ARTICLE 13, AS INDICATED BY THE RECORDS OF MY OFFICE.

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

Eightheenth *day of*

November *19* 87

Ken Hechler

Secretary of State.

Notice shall be given by the county court of the time and place, when and where all persons interested will be heard substantially as provided in section one of this article. The conduct of the hearing and the manner of conducting the subsequent election on the question whether such territory shall become disconnected and the issuance, reception, return and canvassing of the ballots shall be, as nearly as possible, in accordance with the provisions of section one of this article. The ballots for the election provided for in this section shall be substantially as follows, to wit:

☐ For disconnection from sanitary district.
☐ Against disconnection from sanitary district.

If a majority of the votes cast at such election shall be in favor of disconnection, and if the trustees of such sanitary district shall, by ordinance, disconnect such territory, thereupon the county court of the county in which the original petition for the formation of such sanitary district was filed, shall enter an appropriate order in the records of the said county court and thereafter such territory shall henceforth be deemed disconnected from such sanitary district. (1933, Ex. Sess., c. 24, § 14.)

Editor's note. — As to designation of county courts as county commissions, see W. Va. Const., art. IX, § 9.

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.
16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.
16-13-4. Payment of preliminary expenses of surveys, etc.
16-13-5. Ordinance necessary before acquisition or construction of works.
16-13-6. Publication and hearing upon ordinance.
16-13-7. Acquisition by condemnation or purchase.
16-13-8. Cost of works.
16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Sec.
16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.
16-13-11. Additional bonds to extend or improve works.
16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.
16-13-13. Application of revenue from bonds; lien.
16-13-14. Securing bonds by trust indenture.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.
16-13-17. Municipality subject to established rates.
16-13-18. Supervision of works by sanitary board; organization of board;

Sec.
qualifications, terms and compensation of members.
16-13-18a. Publication of financial statement.
16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.
16-13-20. Discharge of lien on property acquired.
16-13-21. Action on certificates or attached coupons; receivers.
16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.
16-13-22a. Grants, loans and advances.
16-13-22b. Contracts for abatement of pollution.
Sec.
16-13-22c. Refunding bonds.
16-13-22d. Subordination of bonds.
16-13-22e. Operating contract.
16-13-22f. Exemption of bonds from taxation.
16-13-22g. Covenants with bondholders.
16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.
16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.
16-13-24. Article to be construed liberally.

Constitutionality. — See Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); Stevenson v. City of Bluefield, 39 F. Supp. 462 (S.D.W. Va. 1941); West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Obligations incurred by a city under the authority of this article permitting the issuance of revenue bonds for the construction of sewers are not to be deemed "debts" within the constitutional inhibition. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Legislative intent to protect municipalities from general obligations. — 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.

No conflict with statutory limitations on expenditure of tax funds. — There is no conflict between this article, authorizing a city to incur expenses which are to be payable solely from the proceeds of revenue bonds, and the general statutory limitations on the expenditure of money and incurring of obligations with respect to funds produced by tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Limitation imposed by article read into agreement with federal works administrator. — Where a city made an agreement with the federal works administrator under the War Mobilization and Reconversion Act of 1944 with regard to advances of money to the city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, the limitation imposed by this article would be read into the agreement, since the parties are presumed to know the extent of the city's authority to make a binding contract. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Municipality may not compel nonresidents to connect with a municipal sewer extended without its corporate limits. 48 Op. Att'y Gen. 19 (1958).

Ordinance held valid. — An ordinance of a municipal corporation, creating a sanitary board and authorizing such sanitary board to enter into contracts for the construction of a sewage system, was within the police power of the State delegated to municipalities by this chapter. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the State of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area extending twenty miles beyond the corporate limits of such municipality: Provided, however, that such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-2, 16-13-16, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Use of territory in adjoining state authorized. — By this section and § 16-13-22 the legislature intended, insofar as it could, to confer upon such municipalities as might find its exercise convenient, the right to make necessary and appropriate arrangements for the disposal of their sewage, even where that course involved the use of territory in an adjoining state. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943).

§ 16-13-2. Sanitary board to supervise and control construction, etc., of works; appointment of board; definitions.

The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby, shall be under the supervision and control of a sanitary board appointed by the governing body as set forth in section eighteen [§ 16-13-18] of this article. The term "works" as used in this article shall be construed to

mean and include a works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof. The term "municipality" as used in this article shall be construed to mean any municipal corporation, incorporated city, town, village or sanitary district in the State of West Virginia. The term "governing body" as used in this article shall be construed to mean the mayor and council or other legally constituted governing body of any municipality. The term "board" when hereinafter used in this article shall be construed to mean the sanitary board as set up in section eighteen of this article. (1933, Ex. Sess., c. 25, § 2.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-16, 24-1-1, 24-2-1 and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-3. Powers of sanitary board; contracts; employees; compensation thereof; extensions and improvements; replacement of damaged public works.

The board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of its powers under this article: Provided, that any contract relating to the financing of the acquisition or construction of any such works, or any trust indenture as hereinafter provided for, shall be approved by the governing body of such municipality before the same shall be effective. The board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys, and such other employees as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the board shall direct. All such compensation and all expenses incurred in carrying out the provisions of this article shall be paid solely from funds provided under the authority of this article, and the board shall not exercise or carry out any authority or power herein given it so as to bind said board of said municipality beyond the extent to which money shall have been or may be provided under the authority of this article. No contract or agreement with any contractor or contractors for labor and/or material, exceeding in amount the sum of one thousand dollars, shall be made without advertising for bids, which bids shall be pubicly opened and award made to the best bidder, with power in the board to reject any or all bids. After the construction, installation, and completion of the works, or the acquisition thereof, the board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the board may deem expedient, if funds therefor be available or are made available as provided in this article, and shall establish rules and regulations for the use and operation of the works, and of other sewers and drains connected therewith so far as they may affect the operation of such works, and do all things necessary or expedient

for the successful operation thereof. All public ways or public works damaged or destroyed by the board in carrying out its authority under this article shall be restored or repaired by the board and placed in their original condition, as nearly as practicable, if requested so to do by proper authority, out of the funds provided by this article. (1933, Ex. Sess., c. 25, § 3.)

Contractor is not entitled to governmental immunities of municipality. — A contractor under contract with the sanitary board of a municipality for construction of a sewage treatment and disposal system is not entitled to the governmental immunities of the municipality incident to the construction project. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

And is liable on contract with third party. — Where a contract between a municipal sanitary board and a contractor, providing for the construction of a sanitary sewage system, provides inter alia that "existing surface, overhead or subsurface structures damaged or destroyed by reason of the contractor's operations shall be promptly repaired or replaced in a satisfactory manner at the cost and expense of the contractor," and the contractor by job order requests enters into a contract with an existing water company to remove certain of the latter's water pipes which interfere with the construction of the sewage system, the contractor, in a notice of motion for judgment proceeding instituted by the water company, is liable for the expense so incurred. West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-4. Payment of preliminary expenses of surveys, etc.

All necessary preliminary expenses actually incurred by the board of any municipality in the making of surveys, estimates of costs and of revenue, employment of engineers or other employees, the giving of notices, taking of options and all other expenses of whatsoever nature, necessary to be paid prior to the issue and delivery of the revenue bonds pursuant to the provisions of this article, may be met and paid in the following manner. Said board may from time to time certify such items of expense to the clerk or recorder of said municipality, directing him to pay the several amounts thereof, and thereupon said clerk or recorder shall at once draw a warrant or warrants upon the treasurer of said municipality, which warrant or warrants shall be paid out of the general funds of said municipality not otherwise appropriated, without a special appropriation being made therefor by the governing body; or, in case there are no general funds of such municipality not otherwise appropriated, the clerk or recorder shall recommend to the governing body the temporary transfer from other funds of such municipality of a sufficient amount to meet such items of expense, or the making of a temporary loan for such purpose, and such governing body shall thereupon at once make such transfer of funds, or authorize such temporary loan in the same manner that other temporary loans are made by such municipality: Provided, however, that the fund or funds of such municipality from which such payments are made shall be fully reimbursed and repaid by said board out of the first proceeds of the sale of revenue bonds hereinafter provided for, and before any other disbursements are made therefrom, and the amount so advanced to pay such preliminary expenses, shall be a first charge against the proceeds resulting from the sale of such revenue bonds until the same has been repaid as herein provided. (1933, Ex. Sess., c. 25, § 4.)

A municipality is authorized to incur obligations for the purpose of defraying preliminary expenses of sewer projects, provided repayment of such obligations is to be made solely from the proceeds of revenue bonds, and not in any way from tax levies. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

And may obtain advances by any procedure it may see fit to adopt. — Money used in preliminary engineering work prior to actually beginning construction of a sewage disposal system need not be handled by the sanitary board in accordance with the provisions of §§ 16-13-1, 16-13-18 and this section. The sanitary board is an agency of the city. This article merely requires that the construction and maintenance of the project be under the supervision and control of the sanitary board. A method is provided whereby the sanitary board may meet its own necessary preliminary expenses; but the city, in the early stages of the project, during that period in which the city has not even decided to go ahead with the work, and when there is no sanitary board in existence, is not prevented by any provision in the article from obtaining advances for plan preparation by any procedure which it may see fit to adopt. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

United States entitled to recover advances made by federal works agency. — The United States was held entitled to recover from a city the amount of three advances of money made to the city by the federal works agency for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system, and the city sanitary board was ordered to issue a requisition to the trustees, into whose hands proceeds of future bond issues came, to repay such advances out of any funds in its hands comprising proceeds of revenue bond issues. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-5. Ordinance necessary before acquisition or construction of works.

Before any municipality shall construct or acquire any works under this article, the governing body shall upon petition of the board, enact an ordinance or ordinances which shall: (a) Set forth a brief and general description of the works and, if the same are to be constructed, a reference to the preliminary report which shall heretofore have been prepared and filed by an engineer chosen by the board as aforesaid; (b) set forth the cost thereof estimated by the engineer chosen as aforesaid; (c) order the construction or acquisition of such works; (d) direct that revenue bonds of the municipality shall be issued pursuant to this article in such an amount as may be found necessary to pay the cost of the works; and (e) contain such other provisions as may be necessary in the premises. (1933, Ex. Sess., c. 25, § 5.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

Stated in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-6. Publication and hearing upon ordinance.

After such ordinance shall have 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 the municipality. The notice shall state that said ordinance has been adopted, and that the municipality contemplates the issuance of the bonds described in the ordinance, and

that any person interested may appear before the governing body upon a certain date, which shall not be less than ten days subsequent to the first date of publication of such abstract and notice which shall not be prior to the last date of publication of such abstract and notice, and present protests. At such hearing all objections and suggestions shall be heard and the governing body shall take such action as it shall deem proper in the premises: Provided, however, that if at such a hearing written protest is filed by thirty percent or more of the owners of real estate situate in said municipality, then the governing body of said municipality shall not take further action unless four fifths of the qualified members of the said governing body assent thereto. (1933, Ex. Sess., c. 25, § 6; 1967, c. 105; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-7. Acquisition by condemnation or purchase.

Every such municipality shall have power to condemn any such works to be acquired and any land, rights, easements, franchises and other property, real or personal, deemed necessary or convenient for the construction of any such works, or for extensions, improvements, or additions thereto, and in connection therewith may have and exercise all the rights, powers and privileges of eminent domain granted to municipal corporations under the laws relating thereto. Title to property condemned shall be taken in the name of the municipality. Proceedings for such appropriation of property shall be under and pursuant to the provisions of chapter fifty-four [§ 54-1-1 et seq.], of the Code of West Virginia, one thousand nine hundred thirty-one, and acts amendatory and supplemental thereto: Provided, that the municipality shall be under no obligation to accept and pay for any property condemned, and shall in no event pay for any property condemned or purchased, except from the funds provided pursuant to this article; and in any proceedings to condemn, such orders may be made as may be just to the municipality and to the owners of the property to be condemned, and an undertaking or other security may be required securing such owners against any loss or damage to be sustained by reason of the failure of the municipality to accept and pay for the property, but such undertaking or security shall impose no liability upon the municipality except such as may be paid from the funds provided under the authority of this article. In event of the acquisition by purchase the board may obtain and exercise an option from the owner or owners of said property for the purchase thereof, or may enter into a contract for the purchase thereof, and such purchase may be made upon such terms and conditions, and in such manner as the board may deem proper. In event of the acquisition of any works already constructed by purchase or condemnation, the board at or before the time of the adoption of the ordinance described in section five [§ 16-13-5] hereof, shall cause to be determined what repairs, replacements, additions, and betterments will be necessary in order that such works may be effective for their purpose, and an estimate of the cost of such improvements shall be included in the estimate of the cost required by section five hereof, and such improvement shall be made upon the acquisition of the works and as a part of the cost thereof. (1933, Ex. Sess., c. 25, § 7.)

§ 16-13-8. Cost of works.

The cost of the works shall be deemed to include the cost of acquisition or construction thereof, the cost of all property, rights, easements, and franchises deemed necessary or convenient therefor and for the improvements determined upon as provided in this article; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvement last mentioned; engineering and legal expenses; expense for estimates of cost and of revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized and the construction or acquisition of the works and the placing of the works in operation and the performance of the things herein required or permitted in connection with any thereof. (1933, Ex. Sess., c. 25, § 8.)

Expenses incurred in "determining the feasibility or practicability of the enterprise". — It is foreseen, as shown in this section, that a city may probably incur expenses in "determining the feasibility or practicability of the enterprise." Such determination would of course be made prior to the issuance of any revenue bonds, and probably before the creation of a sanitary board. It might often result in a rejection of the project altogether, in which event no revenue bonds would be issued, and any obligation incurred by the city might prove to be uncollectible. On the other hand, if the project be undertaken by the city, whatever loans may have been made on the faith of the revenue bonds would or should be included in the cost of the works and repaid out of the proceeds of the bonds. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Advances from the United States to a city for the purpose of plan preparation for construction of a proposed sewage treatment and disposal system represent a part of the cost of the works which should have been repaid out of the first proceeds received from the sale of the first issue of revenue bonds. Such repayment would not in any way increase the cost of the works; it was the very first item of expense incurred in connection with the works. Under the agreement between the city and the United States, it was a liability from the moment construction of the sewage treatment and disposal plant was begun. No disadvantage would result to bondholders as a result of the payment of this just debt out of the proceeds of a future revenue bond issue. United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

§ 16-13-9. Contracts and obligations incurred to be paid for solely by revenue bonds.

Nothing in this article contained shall be so construed as to authorize or permit any municipality to make any contract or to incur any obligation of any kind or nature except such as shall be payable solely from the funds provided under this article. Funds for the payment of the entire cost of the works, exclusive of any portions of the cost that may be defrayed out of any grant or contribution, shall be provided by the issuance of revenue bonds of the municipality, the principal and interest of which shall be payable solely from the fund herein provided for such payment, and said bonds shall not, in any respect, be a corporate indebtedness of such municipality, within the meaning of any statutory or constitutional limitations thereon. All the details of such bonds shall be determined by ordinance or ordinances of the municipality. (1933, Ex. Sess., c. 25, § 9; 1949, c. 93.)

Cross reference. — See notes to § 16-13-8.

The provisions of this article become a part of the contract between the municipality and the bondholders as effectually as if written verbatim in the bonds. The bondholders are bound by their contract in this instance just as firmly as in any other legal contract. Consequently, the bonds do not create a corporate indebtedness of the municipality. Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934); United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957), commented on in 60 W. Va. L. Rev. 105 (1957).

Contractual obligation between municipalities not relieved by inability of town to sell revenue bonds. — Under the provisions of §§ 16-13-19 and 16-13-23a, a city and a town may enter into a contract whereby the city agreed to construct a sewage disposal facility and the town agreed to contribute to the cost of the construction of the facility in return for the right to use the facility, and the fact that the town was unable to sell revenue bonds because it was not allowed to have part ownership in the treatment plant or interceptor sewers did not relieve the town of its contractual obligation when the city offered to buy the revenue bonds issued by the town. Since the contracts were authorized by statute and were thus not ultra vires, even if the contracts were not formally approved by ordinance, the municipalities were estopped from asserting any invalidity of the contracts on such ground. City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-10. Interest on and redemption of bonds; form; statement on face of bond; negotiability; exemption from taxation; registration; execution; sale; disposition of surplus proceeds; additional and temporary bonds.

Such revenue bonds shall bear interest at not more than twelve percent per annum, payable at such times, and shall mature at such time or times as may be determined by ordinance. Such bonds may be made redeemable before maturity at the option of the municipality, to be exercised by said board, at not more than the par value thereof and a premium of five percent, under such terms and conditions as may be fixed by the ordinance authorizing the issuance of the bonds. The principal and interest of the bonds may be made payable in any lawful medium. Said ordinance shall determine the form of the bonds, either coupon or registered, shall set forth any registration and conversion privileges, and shall fix the denomination or denominations of such bonds and the place or places of payment of the principal and interest thereof, which may be at any bank or trust company within or without the State. The bonds shall contain a statement on their face that the municipality shall not be obligated to pay the same or the interest thereon except from the special fund provided from the net revenues of the works. All such bonds shall be, and shall have and are hereby declared to have all the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State. Said bonds shall be exempt from all taxation, state, county and municipal. Such bonds 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. Such bonds shall be sold at a price not lower than a price, which when computed upon standard tables of bond values, will show a net return of not more than thirteen per centum per annum to the purchaser upon the amount

paid therefor, and the proceeds derived therefrom shall be used exclusively for the purposes for which said bonds are issued and same may be sold at one time or in parcels as funds are needed. Any surplus of bond proceeds over and above the cost of the works shall be paid into the sinking fund hereinafter provided. If the proceeds of the bonds, by error of calculation or otherwise, shall be less than the cost of the works, additional bonds may in like manner be issued to provide the amount of such deficit and, unless otherwise provided in said ordinance authorizing the issuance of the bonds first issued or in the trust indenture hereinafter authorized, shall be deemed to be of the same issue and shall be entitled to payment without preference or priority of the bonds first issued. Prior to the preparation of the definitive bonds, temporary bonds may under like restrictions be issued with or without coupons, exchangeable for definitive bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 10; 1970, c. 11; 1980, c. 33; 1981, 1st Ex. Sess., c. 2.)

§ 16-13-11. Additional bonds to extend or improve works.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other definite bonds upon the issuance of the latter. (1933, Ex. Sess., c. 25, § 11.)

§ 16-13-12. Additional bonds for extension, etc., of works to have equal priority with original bonds.

The governing body may provide by said ordinance authorizing the issuance of the bonds or in the trust indenture hereinafter referred to, that additional bonds may thereafter be authorized and issued, at one time or from time to time, under such limitations and restrictions as may be set forth in said ordinance and/or trust indenture, for the purpose of extending, improving or bettering the works when deemed necessary in the public interest, such additional bonds to be secured and be payable from the revenues of the works equally with all other bonds issued pursuant to said ordinance without preference or distinction between any one bond and any other bond by reason of priority of issuance or otherwise. (1933, Ex. Sess., c. 25, § 12.)

§ 16-13-13. Application of revenue from bonds; lien.

All moneys received from any bonds issued pursuant to this article, after reimbursements and repayment to said municipality of all amounts advanced for preliminary expenses as provided in section four [§ 16-13-4] of this article, shall be applied solely to the payment of the cost of the work, extensions,

improvements or betterments, 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 holders of the bonds or the trustees hereinafter provided for. (1933, Ex. Sess., c. 25, § 13.)

Quoted in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-14. Securing bonds by trust indenture.

In the discretion of the governing body such bonds may be secured by a trust indenture by and between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the State of West Virginia but no such trust indenture shall convey or mortgage the works or any part thereof. The ordinance authorizing the revenue bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the municipality and the board in relation to the construction or acquisition of the works and the improvement, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that the works shall be contracted for, constructed and paid for under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, successors, assigns or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the works or other moneys pertaining thereto be satisfactory to such purchasers, successors, assigns or nominees. Such indenture may set forth the rights and remedies of the bondholders and/or such trustee, restricting the individual right of action of bondholders as is customary in trust indentures securing bonds and debentures of corporations. Except as in this article otherwise provided, the governing body may provide by ordinance or in such trust indenture for the payment of the proceeds of the sale of the bonds and the revenues of the works to such officer, board or depository as it may determine for the custody thereof, and for the method of disbursement thereof, with such safeguards and restrictions as it may determine. (1933, Ex. Sess., c. 25, § 14.)

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the state sinking fund commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of oper-

ation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the state sinking fund commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into the sinking fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the works. The amounts of the balance of the net revenue as and when so set apart 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 with the ordinance pursuant to which such bonds have been issued. The state sinking fund commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48.)

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

The governing body shall have power, and it shall be its duty, by ordinance, to establish and maintain just and equitable rates or charges for the use of and the service rendered by such works, to be paid by the owner of each and every lot, parcel of real estate or building that is connected with and uses such works by or through any part of the sewerage system of the municipality, or that in any way uses or is served by such works, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient in each year for the payment of the proper and reasonable expense of operation, repair, replacements and maintenance of the works and for the payment of the sums herein required to be paid into the sinking fund. Revenues collected

pursuant to this section shall be deemed the revenues of the works. No such rates or charges shall be established until after a public hearing, at which all the users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication as a Class II-0 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 the municipality. The first publication shall be made at least ten days before the date fixed in such notice for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing rates or charges, either as originally introduced or as modified and amended, shall be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, that if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. The aggregate of the rates or charges shall always be sufficient for such expense of operation, repair and maintenance and for such sinking fund payments. All such rates or charges, if not paid when due, shall constitute a lien upon the premises served by such works. If any service rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the board in a civil action in the name of the municipality, and in connection with such action said lien may be foreclosed against such lot, parcel of land or building, in accordance with the laws relating thereto: Provided, however, that where both water and sewer services are furnished by any municipality to any premises the schedule of charges may be billed as a single amount or individually itemized and billed for the aggregate thereof. Whenever any rates, rentals or charges for services or facilities furnished shall remain unpaid for a period of thirty days after 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 board collecting such charges shall be obligated under reasonable rules and regulations, to shut off and discontinue both water and sewer services to all delinquent users of either water facilities, or sewer facilities, or both, and shall not restore either water facilities or sewer facilities to any delinquent user of either until all delinquent charges for both water facilities and sewer facilities, including reasonable interest and penalty charges, have been paid in full. (1933, Ex. Sess., c. 25, § 16; 1933, 2nd Ex. Sess., c. 48; 1959, c. 125; 1967, c. 105.)

Sections read together. — This section should be read and construed with former § 8-4-20 and §§ 16-13-1, 16-13-2, 24-1-1, 24-2-1, and 24-2-3. Delardas v. Morgantown Water Comm'n, 148 W. Va. 776, 137 S.E.2d 426 (1964).

Municipal sewer system is subject to jurisdiction of public service commission. 45 Op. Att'y Gen. 642 (1954).

Hence, municipality is required to file its rates with the commission for approval in accordance with § 24-2-1 et seq. 45 Op. Att'y Gen. 642 (1954).

Jurisdiction to enforce lien. — The fact that this section speaks of the enforcement of the lien in a "civil action" should not be construed as placing that jurisdiction in our courts of law simply because the word "action," strictly applied, does not usually refer to chancery practice. City of Beckley v. Craighead, 125 W. Va. 484, 24 S.E.2d 908 (1943). As to abolition of procedural distinctions between law and equity, see Rules of Civil Procedure, Rule 2, appearing in Vol. 1A.

Discrimination not shown. — Charges made against the users of a city sewage system were based upon the amount of water used upon the premises as indicating the extent to which the sewers were used. The charges were subject to a deduction of the amount of water retained on the premises, such amount to be determined by a meter installed by the consumer and used to record gallonage of water that had come on the property but had not been disposed of through the sewers. It was held that the method under which the charges were assessed was neither capricious nor unfair although certain users had been unable to install meters used to measure their deductions. Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Applied in Brewer v. City of Point Pleasant, 114 W. Va. 572, 172 S.E. 717 (1934).

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-17. Municipality subject to established rates.

The municipality shall be subject to the same charges and rates established as hereinbefore provided, or to charges and rates established in harmony therewith, for service rendered the municipality, and shall pay such rates or charges when due from corporate funds and the same shall be deemed to be a part of the revenues of the works as herein defined, and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 17.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

§ 16-13-18. Supervision of works by sanitary board; organization of board; qualifications, terms and compensation of members.

The governing body shall provide by ordinance that the custody, administration, operation and maintenance of such works shall be under the supervision and control of a sanitary board, created as herein provided. Such sanitary board shall be composed of either the mayor of the municipality, or the city manager thereof, if said municipality shall have a city manager form of government, and two persons appointed by the governing body, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. No officer or employee of the municipality, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the

term of his public office. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. Each member shall give such bond, if any, as may be required by ordinance. Such mayor or city manager shall act as chairman of the sanitary board, which shall elect a vice-chairman from its members and shall designate a secretary and treasurer (but the secretary and the treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice-chairman, secretary and treasurer shall hold office as such at the will of the sanitary board. The members of the sanitary board shall receive such compensation for their services, either as a salary or as payments for meetings attended, as the governing body may determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. The governing body shall fix the reasonable compensation of the secretary and treasurer in its discretion, and shall fix the amounts of bond to be given by the treasurer. All compensation, together with the expenses in this section referred to, shall be paid solely from funds provided under the authority of this article. The sanitary board shall have power to establish bylaws, rules and regulations for its own government. (1933, Ex. Sess., c. 25, § 18; 1939, c. 96; 1953, c. 146; 1957, c. 137.)

Effect of article generally. — The effect of the provisions of this article is to authorize and empower a municipal corporation in this State to own, construct, equip, operate and maintain sewer systems, to place the construction, operation and management of such systems under the supervision and control of a sanitary board appointed by the governing body, to authorize such board to operate, manage and control them and to order and complete any extensions or betterments that the board may deem expedient. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

There is no repugnancy between the provisions of this article and §§ 24-1-1, 24-2-1 or 24-3-1, and for these reasons, the provisions of this article do not operate to repeal any of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

The provisions of this article do not revise the subject matter of §§ 24-1-1, 24-2-1 or 24-3-1, and they were not intended as a substitute for any of the provisions of those sections. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

In conferring such power and authority upon a municipality by this article, the legislature did not create, or intend to create, any repugnancy or inconsistency between the provisions of this article and the pertinent provisions of chapter 24, or to repeal any of those provisions of that chapter. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Public service commission may order extension of service. — A public utility is under a duty to make reasonable extensions of its services in accordance with its franchise and charter obligations and the needs of the inhabitants within the territory covered by its franchise; and a public service commission may, where its action is not unlawful, arbitrary, or capricious, order an extension of service for the inhabitants of such territory. State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

Sanitary board may be incorporated and domesticated in adjoining state. — Since the incorporation of its sanitary board and its domestication in the state of Virginia was the only plan by which the power intended to be granted by the legislature to a city to construct a sewage disposal plant outside the State of West Virginia could be legally effectuated, the power to so incorporate its sanitary board was a necessary and incidental right to the main power granted. Bernard v. City of Bluefield, 117 W. Va. 556, 186 S.E. 298 (1936).

Member of city council may not serve as consulting engineer to the sanitary board on city sewer project. 49 Op. Att'y Gen. 60 (1961).

Mayor and city manager may not both be appointed to municipal sanitary board. — When a municipal corporation has a city man-

ager form of government, the municipality's governing board has the option of appointing either its mayor or its city manager (but not both) to the municipal sanitary board. 52 Op. Att'y Gen. 217 (1967).

As to scope of duties and responsibilities of city treasurer as they relate to possession of funds of a sanitary board, see 52 Op. Att'y Gen. 497 (1967).

Applied in Houchins v. City of Beckley, 127 W. Va. 306, 32 S.E.2d 286 (1944).

Cited in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-18a. Publication of financial statement.

Every sanitary board shall prepare a financial statement and cause the same to be published as a Class I 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 the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the board as soon as practicable after the close of the fiscal year: Provided, that such statement for the fiscal year ending June thirtieth, one thousand nine hundred fifty-six, may be published any time during the year one thousand nine hundred fifty-seven. The statement shall be sworn to by the chairman and secretary and treasurer of the board. If a board fails or refuses to perform the duties hereinbefore named, every member of the board concurring in such failure or refusal shall be guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than one hundred nor more than five hundred dollars and the circuit court or criminal court and justices of the peace [magistrates], of the county where the offense was committed, shall have concurrent jurisdiction to try such offense. (1957, c. 138; 1967, c. 105.)

Editor's note. — The bracketed word was inserted by the editor. See § 50-1-17.

§ 16-13-19. Contract with other municipalities for service of works; powers of lessee as to rates; intercepting sewers.

Any municipality operating a sewage collecting system and/or a sewage disposal plant or plants as defined in this article, or which as herein provided has ordered the construction or acquisition of such works (in this section called the owner), is hereby authorized to contract with one or more other municipal corporations or political subdivisions within the State (in this section called the lessee), and such lessees are hereby authorized to enter into such contracts with such owners, for the service of such works to such lessees and their inhabitants, but only to the extent of the capacity of the works without

impairing the usefulness thereof to the owners, upon such terms and conditions as may be fixed by the boards and approved by ordinances of the respective contracting parties: Provided, however, that no such contract shall be made for a period of more than forty years or in violation of the provisions of said ordinance authorizing bonds hereunder or in violation of the provisions of said trust indenture. The lessee shall by ordinance have power to establish, change and adjust rates and charges for the service rendered therein by the works against the owners of the premises served, in the manner hereinbefore provided for establishing, changing and adjusting rates and charges for the service rendered in the municipality where the works are owned and operated, and such rates or charges shall be collectible and shall be a lien as herein provided for rates and charges made by the owner. The necessary intercepting sewers and appurtenant works for connecting the works of the owner with the sewerage system of the lessee shall be constructed by the owner and/or the lessee upon such terms and conditions as may be set forth in said contract, and the cost or that part of the cost thereof which is to be borne by the owner may be paid as a part of the cost of the works from the proceeds of bonds issued under this article unless otherwise provided by said ordinance or trust indenture prior to the issuance of the bonds. The income received by the owner under any such contract shall, if so provided in said ordinance or trust indenture, be deemed to be a part of the revenues of the works as in this article defined and be applied as herein provided for the application of such revenues. (1933, Ex. Sess., c. 25, § 19; 1981, 1st Ex. Sess., c. 2.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-20. Discharge of lien on property acquired.

No property shall be acquired under this article upon which any lien or other encumbrance exists, unless at the time such property is acquired a sufficient sum of money be deposited in trust to pay and redeem such lien or encumbrance in full. (1933, Ex. Sess., c. 25, § 20.)

§ 16-13-21. Action on certificates or attached coupons; receivers.

Any holder of any such certificates or any of the coupons attached thereto, and the trustee, if any, except to the extent the rights herein given may be restricted by said ordinance authorizing issuance of the bonds or by the trust indenture, may either at law or in equity, by suit, action, mandamus or other proceeding protect and enforce any and all rights granted hereunder or under such ordinance or trust indenture, and may enforce and compel performance of all duties required by this article or by such ordinance or trust indenture to be performed by the municipality issuing the bonds or by the board or any officer, including the making and collecting of reasonable and sufficient charges and rates for service rendered by the works. If there be any failure to pay the

principal or interest of any of the bonds on the date therein named for such payment, any court having jurisdiction of the action may appoint a receiver to administer the works on behalf of the municipality and the bondholders and/or trustee, except as so restricted, with power to charge and collect rates sufficient to provide for the payment of the expenses of operation, repair and maintenance and also to pay any bonds and interest outstanding and to apply the revenues in conformity with this article and the said ordinance and/or trust indenture. (1933, Ex. Sess., c. 25, § 21.)

Rules of Civil Procedure. — As to abolition of procedural distinctions between law and equity, see Rule 2, appearing in Vol. 1A. As to receivers, see Rule 66. As to application of rules to extraordinary remedies, see Rule 81(a)(5).

§ 16-13-22. Powers conferred in addition to existing powers; jurisdiction outside corporate limits.

The authority herein given shall be in addition to and not in derogation of any power existing in any municipality under any statutory or charter provisions which it may now have or hereafter adopt. For all purposes of this article, all municipal corporations shall have jurisdiction for ten miles outside the corporate limits thereof. (1933, Ex. Sess., c. 25, § 22.)

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered 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 or construction of said sewage works and the construction of betterments and improvements thereto, 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 sewage works 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. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2.)

Stated in United States v. City of Charleston, 149 F. Supp. 866 (S.D.W. Va. 1957).

§ 16-13-22b. Contracts for abatement of pollution.

When determined by its legislative body to be in the public interest and necessary for the protection of the public health, any municipality is authorized to enter into and perform contracts, whether long-term or short-term, with any industrial establishment for the provision and operation by the municipality of sewerage facilities to abate or reduce the pollution of waters caused by discharges of industrial wastes by the industrial establishment and the payment periodically by the industrial establishment to the municipality of amounts at least sufficient, in the determination of such legislative body, to compensate the municipality for the cost of providing (including payment of principal and interest charges, if any), and of operating and maintaining the sewerage facilities serving such industrial establishment. (1949, c. 93.)

§ 16-13-22c. Refunding bonds.

Any municipality is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds, including interest thereon, if any, in arrears or about to become due. The relevant provisions in this article pertaining to revenue bonds shall be equally applicable in the authorization and issuance of refunding revenue bonds, including their terms and security, the ordinance, the trust indenture, rates, or other aspects of the bonds. (1949, c. 93.)

§ 16-13-22d. Subordination of bonds.

Notwithstanding any other provisions to the contrary in this article, any municipality authorizing the issuance of bonds under this article in an effort to aid in the abatement or reduction of the pollution of any waters or streams may provide in the ordinance authorizing the issuance of the bonds and in any trust indenture pertaining thereto that such bonds, or any additional bonds that may thereafter be issued to extend or improve the works, shall, to the extent and in the manner prescribed, be subordinated and be junior in standing, with respect to the payment of principal and interest and the security thereof, to such other bonds as are designated in the ordinance. (1949, c. 93.)

§ 16-13-22e. Operating contract.

Any such municipality may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the facilities and properties of said sewerage system, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between such municipality and such persons, firms or corporations. Such municipality shall have power to provide in the resolution 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 munic-

ipality as long as any of said bonds, or interest thereon, are outstanding and unpaid. (1955, c. 132.)

§ 16-13-22f. Exemption of bonds from taxation.

Said bonds and the interest thereon, together with all properties and facilities of said municipality owned or used in connection with sewerage system, and all the moneys, revenues and other income of such municipality derived from such sewerage system shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof. (1955, c. 132.)

§ 16-13-22g. Covenants with bondholders.

Any resolution authorizing the issuance of bonds hereunder, or any trust indenture with any bank or trust company within or without the State, for the security of said bonds, 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 sewerage system, may be applied and the securing, use and disposition thereof, including, if deemed desirable, the appointment of a trustee or depositary for any of such funds;

(b) The pledging of all or any part of the revenues derived from the ownership, operation or control of such sewerage systems, including any part thereof heretofore or hereafter constructed or acquired 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 fees, rentals or other charges for the use of the services and facilities of such sewerage system, including the parts thereof heretofore or hereafter constructed or acquired and the revision of same from time to time, as will always provide revenues at least sufficient to provide for all expenses of operation, maintenance and repair of such sewerage system, the payment of the principal of and interest on all bonds or other obligations payable from the revenues of such sewerage 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 such sewerage 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 sewerage system;

(e) Limitations or restrictions upon the issuance of additional bonds or other obligations payable from the revenue of such sewerage system, and the rank or priority, as to lien and source and security for payment from the revenues of such sewerage 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 operation, maintenance and repair of such sewerage 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 sewerage system, or any part thereof, and the use and disposition of the proceeds of any insurance;

(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;

(j) 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 hereunder, it being the intention hereof to grant to such municipalities the power 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 such municipalities full and complete power to enter into any contracts, covenants or agreements with holder of bonds issued hereunder not inconsistent with the Constitution of the State of West Virginia. (1955, c. 132.)

§ 16-13-23. Article deemed full authority for construction, etc., of works and issue of bonds; alternative method; powers of state department of health unaffected.

This article, shall, without reference to any other statute, be deemed full authority for the construction, acquisition, improvement, equipment, maintenance, operation and repair of the works herein provided for 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 or election or other or further proceeding in respect to the construction or acquisition of the works or to the issuance or sale of bonds under this article and no publication of any resolution, ordinance, notice or proceeding relating to such construction or acquisition or to the issuance or sale of such bonds shall be required except such as are prescribed by this article, any provisions of other statutes of the State to the contrary notwithstanding: Provided, however, that all functions, powers and duties of the state department of health shall remain unaffected by this article. (1933, Ex. Sess., c. 25, § 23.)

Quoted in State ex rel. City of Wheeling v. Renick, 145 W. Va. 640, 116 S.E.2d 763 (1960).

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Notwithstanding any other provision contained in this article, and in addition thereto, the governing body of any municipal corporation which has received or which hereafter receives an order issued by the chief of the division of water resources or the state water resources board requiring such municipal corporation to cease the pollution of any stream or waters, is hereby authorized and empowered to fix, establish and maintain, by ordinance, just and equitable rates or charges for the use of the services and facilities of the existing sewer system of such municipal corporation, and/or for the use of the services and facilities to be rendered upon completion of any works and system necessary by virtue of said order, to be paid by the owner, tenant or occupant of each and every lot or parcel of real estate or building that is connected with and uses any part of such sewer system, or that in any way uses or is served thereby, and may change and readjust such rates or charges from time to time. Such rates or charges shall be sufficient for the payment of all the proper and reasonable costs and expenses of the acquisition and construction of plants, machinery and works for the collection and/or treatment, purification and disposal of sewage, and the repair, alteration and extension of existing sewer facilities, as may be necessary to comply with such order of the chief of the division of water resources or the state water resources board, and for the operation, maintenance and repair of the entire works and system; and the governing body shall create, by ordinance, a sinking fund to accumulate and hold any part or all of the proceeds derived from rates or charges until completion of said construction, to be remitted to and administered by the state sinking fund commission by expending and paying said costs and expenses of construction and operation in the manner as provided by said ordinance; and after the completion of the construction such rates or charges shall be sufficient in each year for the payment of the proper and reasonable costs and expenses of operation, maintenance, repair, replacement, and extension from time to time, of the entire sewer and works. No such rates or charges shall be established until after a public hearing, at which all the potential users of the works and owners of property served or to be served thereby and others interested shall have an opportunity to be heard concerning the proposed rates or charges. After introduction of the ordinance fixing such rates or charges, and before the same is finally enacted, notice of such hearing, setting forth the proposed schedule of such rates or charges, shall be given by publication of such notice as a Class II-0 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 the municipality. The first publication shall be made at least ten days before the date fixed therein for the hearing. After such hearing, which may be adjourned from time to time, the ordinance establishing the rates or charges, either as originally introduced or as modified and

amended, may be passed and put into effect. A copy of the schedule of such rates and charges so established shall be kept on file in the office of the sanitary board having charge of the construction and operation of such works, and also in the office of the clerk of the municipality, and shall be open to inspection by all parties interested. The rates or charges so established for any class of users or property served shall be extended to cover any additional premises thereafter served which fall within the same class, without the necessity of any hearing or notice. Any change or readjustment of such rates or charges may be made in the same manner as such rates or charges were originally established as hereinbefore provided: Provided, however, that if such change or readjustment be made substantially pro rata, as to all classes of service, no hearing or notice shall be required. If any rate or charge so established shall not be paid within thirty days after the same is due, the amount thereof, together with a penalty of ten percent, and a reasonable attorney's fee, may be recovered by the sanitary board of such municipal corporation in a civil action in the name of the municipality. Any municipal corporation exercising the powers given herein shall have authority to construct, acquire, improve, equip, operate, repair and maintain any plants, machinery, or works necessary to comply with such order of the state water resources board, and the authority provided herein to establish, maintain and collect rates or charges shall be construed as a further additional and alternative method of financing such works and matters, and shall be independent of any other provision of this article insofar as such article provides for or requires the issuance of revenue bonds or the imposition of rates and charges in connection with such bonds: Provided, however, that except for the method of financing such works and matters, the construction, acquisition, improvement, equipment, custody, operation, repair and maintenance of any plants, machinery or works in compliance with an order of the state water resources board, and the rights, powers, and duties of such municipal corporation and the respective officers and departments thereof, including the sanitary board, shall be governed by the provisions of this article. (1955, c. 135; 1967, c. 105.)

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891 (1957).

WEST VIRGINIA CODE

ANNOTATED

VOLUME 5

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1987 Cumulative Supplement

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person violating the provisions of this section is punishable by a fine of five dollars and notwithstanding the provisions of section one [§ 49-5-1], article five, chapter forty-nine, the magistrate court shall have concurrent jurisdiction. (1987, c. HB 2072.)

§ 16-9A-4. Use of tobacco or tobacco products in certain areas of certain public schools prohibited; penalty.

Every person who shall smoke a cigarette or cigarettes, pipe, cigar or other implement, of any type or nature, designed, used or employed for smoking any tobacco or tobacco product; or who shall use any tobacco product, whether chewing tobacco, snuff or otherwise, in any building or part thereof used for instructional purposes, in any school of this state, as defined in section one [§ 18-1-1], article one, chapter eighteen of this code, or on any lot or grounds actually used for instructional purposes of any such school of this state while such school is used or occupied for school purposes, shall be guilty of a misdemeanor, and, upon conviction thereof, shall be punished for each offense by a fine of not less than one nor more than five dollars: Provided, That this prohibition shall not be construed to prevent the use of any tobacco or tobacco product in any faculty lounge or staff lounge or faculty office or other area of said public school not used for instructional purposes: Provided, however, That students do not have access thereto: Provided further, That nothing herein contained shall be construed to prevent any county board of education from promulgating rules and regulations that further restrict the use of tobacco or tobacco products, in any form, from any other part or section of any public school building under its jurisdiction. (1987, c. HB 2072.)

§ 16-9A-5. Outdoor billboard advertisements for smokeless tobacco products, nuisance affecting public health.

(a) Any outdoor billboard advertisement for snuff and chewing tobacco products must conspicuously display one of the following statements:

"WARNING: THIS PRODUCT MAY CAUSE MOUTH CANCER"

"WARNING: THIS PRODUCT MAY CAUSE GUM DISEASE AND TOOTH LOSS"

"WARNING: THIS PRODUCT IS NOT A SAFE ALTERNATIVE TO CIGARETTES"

The warnings shall be rotated every four months by the manufacturer, packager or importer of snuff and chewing tobacco products in an alternating sequence in the advertisement for each brand of such tobacco product. Such warning shall appear in the format and type style prescribed under 15 U.S.C. 1333 (b) (3), as amended.

No other warning, format, or type style in any outdoor billboard advertisement shall be required by any state or local statute or regulation.

(b) Any outdoor billboard advertisement that does not conform to the provisions of this section shall be deemed a nuisance affecting the public health. (1987, c. HB 2072.)

ARTICLE 11.

SEXUAL STERILIZATION.

Wrongful pregnancy. — An action based on wrongful pregnancy is recognized in West Virginia. James v. Caserta, 332 S.E.2d 872 (W. Va. 1985).

In applying general rules governing damages to a wrongful pregnancy action, the following damages are recoverable, if proven: (1) Any medical and hospital expenses incurred as a result of a physician's negligence, including costs of the initial unsuccessful sterilization operation, prenatal care, childbirth, postnatal care, and a second sterilization operation, if obtained; (2) the physical and mental pain suffered by the wife as a result of the pregnancy and subsequent childbirth and as a result of undergoing two sterilization operations; and (3) recovery for the loss of consortium and loss of wages. James v. Caserta, 332 S.E.2d 872 (W. Va. 1985).

ARTICLE 13.

SEWAGE WORKS OF MUNICIPAL CORPORATIONS AND SANITARY DISTRICTS.

Sec.
16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.
16-13-15. Sinking fund; transfer of balance of net revenues.
16-13-22a. Grants, loans and advances.

§ 16-13-1. Acquisition, operation, etc., of works; acquisition of property; issuance of bonds.

Any municipal corporation and/or sanitary district in the state of West Virginia is hereby authorized and empowered to own, acquire, construct, equip, operate and maintain within and/or without the corporate limits of such municipal corporation, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil and industrial waste of such municipal corporation and/or sanitary district, including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b [§ 8-20-1b], article twenty, chapter eight of this code, and shall have authority to acquire by gift, grant, purchase, condemnation, or otherwise, all necessary lands, rights-of-way and property therefor, within and/or without the corporate limits of such municipal corporation and/or sanitary district, and to issue revenue bonds to pay the cost of such works and property; and any such municipality may serve and supply the facilities of such sewerage system within the corporate limits of such municipality and within the area

extending twenty miles beyond the corporate limits of such municipality: Provided, That such municipality shall not serve or supply the facilities of such sewerage system within the corporate limits of any other municipality without the consent of the governing body thereof. No obligations shall be incurred by any such municipality and/or sanitary district in such construction or acquisition except such as is payable solely from the funds provided under the authority of this article. (1933, Ex. Sess., c. 25, § 1; 1955, c. 132; 1986, c. 118.)

Effect of amendment of 1986. — The amendment added "including acquisition of the municipal sewerage system resulting from the severance of a combined waterworks and sewerage system pursuant to section one-b, article twenty, chapter eight of this code," and made minor stylistic change.

§ 16-13-15. Sinking fund; transfer of balance of net revenues.

At or before the issuance of any such bonds the governing body shall by said ordinance create a sinking fund, to be remitted to and administered by the West Virginia municipal bond commission, for the payment of the bonds and the interest thereon and the payment of the charges of banks or trust companies for making payment of such bonds or interest, and shall set aside and pledge a sufficient amount of the net revenues of the works, hereby defined to mean the revenues of the works remaining after the payment of the reasonable expense of operation, repair and maintenance, such amount to be paid by the board into said sinking fund at intervals to be determined by ordinance prior to issuance of the bonds, for: (a) The interest upon such bonds as such interest shall fall due; (b) the necessary fiscal agency charges for paying bonds and interest; (c) the payment of the bonds as they fall due, or, if all bonds mature at one time, the proper maintenance of a sinking fund in such amounts as are necessary and sufficient for the payment thereof at such time; (d) a margin for safety and for the payment of premiums upon bonds retired by call or purchase as herein provided, which margin, together with any unused surplus of such margin carried forward from the preceding year, shall equal ten percent of all other amounts so required to be paid into the sinking fund. Such required payments shall constitute a first charge upon all the net revenue of the works. Prior to the issuance of the bonds the board may by ordinance be given the right to use or direct the West Virginia municipal bond commission to use such sinking fund or any part thereof in the purchase of any of the outstanding bonds payable therefrom at the market price thereof, but not exceeding the price, if any, at which the same shall in the same year be payable or redeemable, and all bonds redeemed or purchased shall forthwith be cancelled and shall not again be issued. After the payments into such fund as herein required, the board may at any time in its discretion transfer all or any part of the balance of the net revenues, after reserving an amount deemed by the board sufficient for operation, repair and maintenance for an ensuing period of not less than twelve months and for depreciation, into the sinking fund or into a fund for extensions, betterments and additions to the

works. The amounts of the balance of the net revenue as and when so set apart 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 with the ordinance pursuant to which such bonds have been issued. The West Virginia municipal bond commission is hereby authorized to act as fiscal agent for the administration of such sinking fund, under any ordinance passed pursuant to the provisions of this article, and shall invest all such sinking funds as provided by general law. Notwithstanding the foregoing, payments of principal and interest on any bonds owned by the United States of America or any agency or department thereof may be made by the governing body directly thereto. (1933, Ex. Sess., c. 25, § 15; 1933, 2nd Ex. Sess., c. 48; 1986, c. 118.)

Effect of amendment of 1986. — The amendment substituted "West Virginia municipal bond commission" for "state sinking fund commission" in four places; added the last sentence; and made other minor changes.

§ 16-13-16. Rates for service; change or readjustment; hearing; lien and recovery; discontinuance of services.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

§ 16-13-22a. Grants, loans and advances.

Any municipality is authorized and empowered 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 or construction of said sewage works and the construction of betterments and improvements thereto, 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 sewage works 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 loans or temporary advances 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. (1949, c. 93; 1961, c. 107; 1980, c. 59; 1981, 1st Ex. Sess., c. 2; 1986, c. 118.)

Effect of amendment of 1986. — The amendment added the last sentence in the first paragraph.

§ 16-13-23a. Additional powers of municipality upon receipt of order to cease pollution.

Textbooks. — Administrative Law in West Virginia (Neely), § 3.07.

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS FOR WATER, SEWERAGE AND GAS SERVICES.

Sec.
16-13A-1. Legislative findings.
16-13A-1a. Jurisdiction of the public service commission.
16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.
16-13A-1c. General purpose of districts.
16-13A-2. Creation of districts by county commission; enlarging, reducing or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the secretary of state.
16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.
16-13A-3a. Removal of members of public service board.
16-13A-4. Board chairman; members' compensation; procedure; district name.
16-13A-5. General manager of board.
16-13A-7. Acquisition and operation of district properties.
16-13A-9. Rules and regulations; service rates and charges; discontinuance of service; required water and sewer connections.
16-13A-11. Accounts; audit.
16-13A-18a. Sale, lease or rental of water, sewer or gas system by district; distribution of proceeds.
16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

§ 16-13A-1. Legislative findings.

The Legislature of the state of West Virginia hereby determines and finds that the present system of public service districts within the state has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this effort, and to ensure that all areas of the state are benefiting from the availability of

public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the public service commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the public service commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the public service commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Effect of amendment of 1986. — The amendment rewrote the section as it appeared in the bound volume.

§ 16-13A-1a. Jurisdiction of the public service commission.

The jurisdiction of the public service commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the public service commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the public service commission to provide assistance to public service districts in technological, operational, financial and regulatory matters. (1986, c. 81.)

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

Date: 4/20/87

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

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

eel 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. Syndor

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 & Council members.

Phyllis J. Sherman

Date: 11/23/87

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

I, Lyda Kidd, 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: Lyda Kidd

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

Phyllis J. Harmon

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

I, Phyllis 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: Phyllis J. Sherman

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

Z. O. Kyle

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

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.

[illegible]

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

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 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: Roger L. Pratt

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

J. O. Kell

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

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.

[illegible]

MUNICIPALITY OF
MOOREFIELD
WEST VIRGINIA
26836

I, Snow A Zirk, 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 Zirk

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

Phyllis J Shreve

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 ~~May~~ July, 1985

Virginia Thomas

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System 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:

Office	Name	Date of Commencement of Term	Date of Expiration of Term
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.

The members of the Sanitary Board of the Town and their terms of office are as follows:

Office	Name	Date of Commencement of Term	Date of Expiration of Term
Chairman	Larry Kuykendall	July 1, 1985	June 30, 1989
Member	Daniel L. Wilson	January 1, 1986	January 1, 1989
[Engineer] Member	Larry W. McDonald	October 1, 1987	October 1, 1990

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 Ordinance creating Sanitary Board.

Phyllis J. Sherman

Date: 4/20/87

Sewage Project 1958

Code 12-14 p. 408

ORDINANCE

AN ORDINANCE CREATING A SANITARY BOARD TO ACQUIRE, CONSTRUCT, EQUIP, OPERATE AND MAINTAIN A SEWAGE COLLECTION AND DISPOSAL SYSTEM OR SYSTEMS WITHIN AND/OR WITHOUT THE CORPORATE LIMITS OF THE TOWN OF MOOREFIELD, WEST VIRGINIA, AND TO INVEST IN SUCH BOARD THE CUSTODY, ADMINISTRATION, OPERATION, MAINTEANANCE AND CONTROL OF SUCH SYSTEM OR SYSTEMS AS PROVIDED IN CHAPTER TWENTY-FIVE, ACTS OF THE LEGISLATURE, FIRST EXTRAORDINARY SESSION, ONE THOUSAND NINE HUNDRED THIRTY-THREE AS AMENDED.

WHEREAS, it is the desire of the Town of Moorefield to own, acquire, construct, equip, operate and maintain within and/or without its corporate boundaries, a sewage collection system and/or a sewage treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations, and all other appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of the liquid and solid waste, sewage, night soil, and industrial waste of the Town of Moorefield, and to acquire, construct, equip, operate and maintain such system or systems as provided in Chapter twenty-five, Acts of the Legislature, first extraordinary session, one thousand nine hundred thirty-three as amended.

IT IS THEREFORE ORDERED AND ORDAINED BY THE COMMON COUNCIL OF THE TOWN OF MOOREFIELD:

Section 1. That there is hereby created The Sanitary Board of the Town of Moorefield which shall be composed of the mayor of the Town of Moorefield and two persons appointed by the council one of whom, during the construction period, must be a registered professional engineer. The engineer member of the board need not be a resident of said municipality. After the construction of the plant has been completed, the engineer member may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of two and three years respectively, and upon the expiration of each such term and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment.

Section 2. That no officer or employee of the Town of Moorefield, whether holding a paid or unpaid office, shall be eligible to appointment on said sanitary board until at least one year after the expiration of the term of his public office.

Section 3. That the mayor shall act as chairman of the sanitary board, which shall elect a vice chairman from its members and shall designate a secretary and treasurer (but the secretary and treasurer may be one and the same), who need not be a member or members of the sanitary board. The vice chairman , secretary and treasurer shall hold office as such at the will of the sanitary board. The sanitary board shall have power to establish by-laws, rules and regulations for its own government.

Section 4. That each member of the sanitary board shall receive Five Dollars per meeting not to exceed thirty-six meetings per fiscal year, and shall be entitled to payment for his reasonable expenses incurred in the performance of his duties. The secretary and treasurer shall be paid such reasonable compensation for services as the council shall fix, and the treasurer shall give bond in the amount of One Thousand Dollars or such other amount as the council subsequently may require.

All compensation, together with expenses incurred by said Board, its officers and employees, shall be paid solely from funds provided under the authority of Chapter twenty-five, Acts of the Legislature, first extraordinary session, one thousand nine hundred thirty-three as amended.

Section 5. That the construction, acquisition, improvement, equipment, custody, operation and maintenance of all works for the collection, treatment or disposal of sewage within or without the corporate limits of the Town of Moofefield, the collection of revenues therefrom for the services rendered thereby, and the employment of all engineers, architects, inspectors, superintendents, manager, collectors, attorneys, and other employees, as in the judgment of the Board may be necessary in the execution of its powers and duties, shall be under the supervision and control of the Sanitary Board.

Section 6. That the Sanitary Board created by this ordinance shall have, in addition to the powers enumerated herein, all other powers provided for such Boards in Chapter twenty-five, Acts of the Legislature, first extraordinary session, one thousand nine hundred thirty-three as amended.

Section 7. This ordinance adopted at regular meeting of Town Council of Moorefield held on June 3, 1958, and it is ordered that a copy of same be published in the Moorefield Examiner, a weekly newspaper, published in Moorefield, West Virginia, for two successive weeks, commencing with publication of June 11, 1958.

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 Ordinance authorizing 1963 Bonds.

Phyllis J. Sherman

Date: 11/20/87

AN ORDINANCE making provisions for the issuance of Sewer Revenue Bonds of the Town of Moorefield, West Virginia, for the purpose of defraying the cost, not otherwise provided, of constructing extensions and improvements to the sewage system, setting forth the terms and conditions upon which said bonds and additional bonds ranking on a parity therewith are to be and may be issued and outstanding, and providing for the collection, segregation and distribution of income and revenues from the operation of the sewage system of said town so as to pay said bonds and interest thereon.

* * *

WHEREAS, the Town of Moorefield, in Hardy County, West Virginia, presently owns and operates the sewage system works and facilities (hereinafter in this ordinance referred to as "sewage system") supplying sewer service in and to said town and its inhabitants; and

WHEREAS, the Sanitary Board of said town has deemed it advisable and necessary in the public interest that said town construct extensions and improvements to the municipal sewage system, together with appurtenances necessary or useful, in connection therewith, all as contemplated and provided by the report dated April, 1963, of Kelley, Gidley & Staub, Consulting Engineers of Charleston, West Virginia retained by said Board and generally described as consisting of: construction of interceptor lines, lift station and sewage treatment plant and rehabilitation of certain existing sewer lines, and it is also deemed advisable and necessary and in the public interest by this Common Council that said extensions and improvements be so constructed; and

WHEREAS, the cost of said extensions and improvements including financing, engineering, incidentals, and other pertinent costs has been estimated by the engineer aforesaid to be $218,040 and said Sanitary Board has petitioned this Common Council to enact an ordinance ordering the construction of such extensions and improvements and providing for the issuance of revenue bonds to pay the cost thereof not otherwise provided; and

WHEREAS, pursuant to the provisions of Article 13 of Chapter 16 of the West Virginia Code, said town is now authorized and permitted to issue revenue bonds for the purpose of paying the cost, not otherwise provided, of such extensions and improvements and it is necessary at this time that provision be made for the issuance of such bonds to the amount of $145,000 for the purpose aforesaid and to set forth the conditions and restrictions upon which such bonds and any additional bonds ranking on a parity therewith are to be and may be issued and outstanding;

NOW, THEREFORE, the Common Council of the Town of Moorefield, West Virginia, hereby ordains, as follows:

Section 1. That all proceedings heretofore taken relating to the creation and organization of the Sanitary Board of said Town of Moorefield and to the construction of extensions and improvements to the sewage system of said town, be and the same are hereby in all respects ratified and confirmed.

Section 2. That the construction of the extensions and improvements referred to in the preamble of this ordinance with all necessary appurtenances is hereby ordered, and for the purpose of paying the cost thereof not otherwise provided, there be issued the bonds of said town to be known as "Sewer Revenue Bonds", in the principal amount of $145,000, which bonds shall bear date of June 1, 1963, be of the denomination of $1,000 each, numbered consecutively 1 to 145, inclusive, and shall mature in numerical order on June 1 of the respective years as follows:

Year	Amount	Year	Amount
1966	$ 2,000	1982	$ 4,000
1967	3,000	1983	5,000
1968	3,000	1984	5,000
1969	3,000	1985	5,000
1970	3,000	1986	5,000
1971	3,000	1987	5,000
1972	3,000	1988	5,000
1973	3,000	1989	6,000
1974	3,000	1990	6,000
1975	3,000	1991	6,000
1976	3,000	1992	6,000
1977	4,000	1993	6,000
1978	4,000	1994	7,000
1979	4,000	1995	7,000
1980	4,000	1996	7,000
1981	4,000	1997	8,000

provided, however, said bonds numbered 24 to 145, inclusive, shall be redeemable before maturity at the option of said town on June 1, 1973, and on any interest payment date thereafter in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot) upon terms of par and accrued interest to the date fixed for redemption, plus a redemption premium of three per cent of the principal amount thereof; and in the event of such redemption said town will cause notice identifying the bonds to be redeemed to be published at least once in a newspaper of general circulation published in the City of Charleston, West Virginia, not less than thirty days prior to such redemption date. All such bonds thus called for redemption, and for the payment of which funds are provided on the redemption date will cease to bear interest thereafter.

Said bonds shall bear interest at the coupon rate of six per cent (6%) per annum or at such lesser coupon rate or rates as may be fixed by supplemental ordinance or ordinances prior to the delivery of said bonds to the purchaser in accordance with the provisions of the agreement for the sale of said bonds as hereinafter referred to in Section 10 of this ordinance. All interest as

aforesaid shall be evidenced by proper interest coupons attached to each of said bonds and to be payable December 1, 1963 and semiannually thereafter on the first days of June and December in each year

Both principal and interest shall be payable in lawful money of the United States at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia. Said bonds shall be signed by the Mayor and attested by the Recorder of said town and sealed with its corporate seal, and the interest on said bonds shall be evidenced by coupons attached thereto, which shall be executed with the facsimile signatures of said Mayor and Recorder, and said officials by the execution of said bonds shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds, and the interest thereon, together with any additional bonds ranking on a parity therewith issued under conditions and restrictions hereinafter set forth, shall be payable out of the special fund hereinafter referred to and the portion of the net revenues of the sewage system of said town pledged to said fund.

Section 3. That upon presentation at the office of the Recorder of said town of any of said bonds same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by the Recorder, and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder, or back to bearer, only upon presentation to said Recorder with a legal assignment duly acknowledged or proved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached, but such coupons shall be transferable by delivery merely.

Section 4. That said bonds and coupons and provisions for registration shall be in substantially the following form, to wit:

(Form of Bond)

UNITED STATES OF AMERICA

STATE OF WEST VIRGINIA

COUNTY OF HARDY

TOWN OF MOOREFIELD

SEWER REVENUE BOND

No. _____ $1,000

KNOW ALL MEN BY THESE PRESENTS: That the Town of Moorefield, in the County of Hardy and State of West Virginia, for value received, hereby promises to pay from the special fund provided therefor as hereinafter set forth, to the bearer or, if this bond be registered as to principal, to the registered holder hereof, on the first day of June, 19__, the sum of One Thousand Dollars ($1,000) and from said special fund to also pay interest on said sum from the date hereof until paid at the rate of _____ _____ per cent (___%) per annum on December 1, 1963 and semiannually thereafter on the first days of June and December in each year, except as the provisions hereinafter set forth with respect to redemption may be and become applicable hereto, all such interest as may accrue on and prior to the maturity date hereof to be payable only upon presentation and surrender of the coupons hereto appertaining as they severally become due, both the principal of and interest on this bond being payable in lawful money of the United States of America, at the office of the State Sinking Fund Commission of West Virginia in the City of Charleston, West Virginia.

This bond is one of a series of bonds numbered consecutively from 1 to 145, inclusive, and has been issued by said Town of Moorefield pursuant to an ordinance duly enacted by the Common Council of said town for the purpose of defraying the cost, not otherwise provided, of constructing extensions and improvements to its sewage system under and in full compliance with the Constitution and statutes

of the State of West Virginia, including among others Article 13 of Chapter 16 of the West Virginia Code.

Bonds numbered 24 to 145, inclusive, of the series of which this bond is one shall be optional for redemption by said town prior to maturity on June 1, 1973, and on any interest payment date thereafter in whole or from time to time in part in the inverse order of their maturities (less than all of a single maturity to be selected by lot) upon terms of par and accrued interest to the date fixed for redemption, plus a redemption premium of three per cent of the principal amount thereof, and in the event of such redemption it is hereby agreed that notice identifying the bonds to be redeemed will be given by publication at least once in a newspaper of general circulation published in the City of Charleston, West Virginia, not less than thirty days prior to such redemption date. All such bonds thus called for redemption, and for the retirement of which funds are duly provided will cease to bear interest on the redemption date.

This bond and the series of which it is one, together with any additional bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions set forth in said ordinance, are payable only from and secured by net revenues to be derived from the operation of the municipal sewage system of said town which shall be sufficient to pay the principal of and interest upon said bonds as and when the same become due and payable, and which shall be set aside as a special fund and are hereby pledged for that purpose. This bond does not constitute a corporate indebtedness of the Town of Moorefield within the meaning of any constitutional or statutory provisions or limitations, nor shall said town be obligated to pay this bond or interest thereon from any other funds. Said town covenants it will fix such rates and charges for the use of and service rendered by said sewage system and will collect and account for revenues therefrom sufficient to promptly pay all expenses of operation, repair and maintenance thereof and the principal of and

interest on this bond and the series of which it is one as the same will become due.

This bond is fully negotiable but may be registered as to principal only in the name of the holder on the books of said town in the office of its Recorder, such registration to be evidenced by notation on the back hereof by the Recorder, after which no transfer shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery but it may be again registered as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

This bond is exempt from taxation by the State of West Virginia and any county or municipality therein.

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 said 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 net revenues of the sewage system of said town has been pledged to and will be set aside into said special fund by said town for the prompt payment of the principal of and interest on this bond and the series of which it is one.

IN WITNESS WHEREOF, the Town of Moorefield has caused this bond to be signed by its Mayor, attested by its Recorder and its corporate seal to be hereunto affixed, and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and Recorder, which officials by the execution of this bond do adopt as

and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated as of the first day of June, 1963.

_____
Mayor

Attest:

_____
Recorder

(Form of Coupon)

No. _____ $_____

On the first day of _____, ____, the Town of Moorefield, West Virginia, will pay to bearer _____ _____ Dollars ($_____) out of the special fund provided therefor, at the office of the State Sinking Fund Commission of West Virginia in Charleston, West Virginia, as provided in and for interest then due on its Sewer Revenue Bond dated June 1, 1963. Number ____.

_____
Mayor

Attest:

_____
Recorder

(Form for Registration to be printed on the back of each bond)

Date of Registration	In Whose Name Registered	Signature of Recorder

Section 5. That from and after the issuance of any of the bonds herein authorized, the municipal sewage system of said Town of Moorefield shall be operated as a revenue producing and self-liquidating undertaking and the revenues derived from the rates and

charges for sewer services shall be set aside into a separate and special fund hereby created and designated as the "Sewer Revenue Fund" to be used (1) to pay the reasonable expenses of operation, repair and maintenance of the system; (2) to pay when due the interest on and principal of the bonds hereby authorized and any additional bonds ranking on a parity therewith from time to time outstanding; and to pay the fiscal agency charges for paying all such interest and principal; and to accumulate and maintain a margin of safety and reserve for payment of all of said bonds and interest thereon; and (3) to provide proper funds for a depreciation account.

(1) There is hereby created a special fund to be designated "Operation and Maintenance Fund", into which there shall be paid each month from said revenues the amount of the reasonable expenses of operation, repair and maintenance of the municipal sewage system of said town, and said special fund shall be used and disbursed only for that purpose.

(2) There is hereby created a special fund to be designated "Sewer Revenue Bond Interest and Sinking Fund" (hereinafter sometimes referred to as the "sinking fund") into which there shall be paid all or such portion of the balance of said revenues as shall be sufficient to pay, when due, (a) the interest upon all of the bonds outstanding under the provisions of this ordinance including any bonds ranking on a parity with the bonds herein authorized, (b) the necessary fiscal agency charges for paying all of said bonds and interest thereon, (c) the principal amount of all of said bonds, and (d) to provide a margin for safety and reserve for the payment of all of said bonds and interest thereon, and it is hereby determined that the minimum amounts so to be paid into the special fund for account of the bonds herein authorized shall be not less than as follows:

All sums received as accrued interest in the issuance and sale of the bonds hereby authorized together with a portion of the bond proceeds equal

in the aggregate to all interest to accrue on said bonds to June 1, 1964 shall be paid into said sinking fund as representing interest on the bonds hereby authorized during the construction of the extensions and improvements to the municipal sewage system of said town. From and after the issuance of any of the bonds hereby authorized and commencing January 15, 1964 there shall be paid into said sinking fund each month an amount equal to at least (1) one-fifth of the amount of interest becoming due on the bonds hereby authorized then outstanding on the next succeeding interest payment date, plus (2) one-tenth of the amount of principal (if any) of the bonds hereby authorized then outstanding becoming due on the next succeeding June 1, provided that when and so long as there shall have been accumulated and maintained in said sinking fund an amount equal to two times the average principal and interest requirements on all bonds then outstanding which by their terms are payable from said sinking fund then the amount to be so set aside and paid into said sinking fund may be reduced to not less than one-sixth of the amount of interest and one-twelfth of the amount of principal, as hereinbefore otherwise provided. No further payments need be made into said sinking fund after and so long as such amount of the bonds shall have been retired that the amount then held in said sinking fund is equal to the entire amount required for the retirement of the bonds and to pay all interest that will have accrued and will become due at the time of such retirement.

Whenever and to whatever extent additional bonds ranking on a parity with the bonds herein specifically authorized are hereafter issued under the conditions and restrictions hereinafter set forth provisions shall be made at or before the time of such issuance for additional monthly payments into said sinking fund for meeting the interest and principal requirements of such additional bonds, paying the additional fiscal agency charges thereon, and to accumulate and maintain a margin of safety and reserve therefor in like manner and in like proportion as such provisions are herein made for the bonds herein specifically authorized.

The amount by which any balance in said sinking fund exceeds the current interest and principal requirements shall be held in said sinking fund as a reserve for contingencies and used solely as herein provided. If in any month the town shall for any reason fail to pay into said sinking fund the respective minimum amounts, then an amount equivalent to such deficiency shall be set apart and paid into said fund from the first available revenues of the following month or months, as the case may be, and same shall be in addition to the amount otherwise herein provided to be so set apart and paid during such succeeding month or months.

If for any reason the town shall fail to make any such payment into said sinking fund, as aforesaid, any sums then held as a reserve for contingencies shall be used for the payment of any portion of the interest on or principal of said bonds as to which there would otherwise be default, but such reserve shall be reimbursed therefor from the first available payments made into the sinking fund in the following month or months in excess of the required payments.

Such payments into said fund shall be made in equal monthly installments on the fifteenth day of each month except that when the fifteenth day of any month shall be a Sunday or a legal holiday then

such payments shall be made on the next succeeding secular day and all such payments shall be remitted to the State Sinking Fund Commission of West Virginia with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this ordinance.

Said sinking fund shall be used solely and only and is hereby pledged for the purpose of servicing the bonds herein authorized to be issued and any additional bonds ranking on a parity therewith that may be issued and outstanding under the conditions and restrictions hereinafter set forth. No funds in said sinking fund shall be used to retire bonds in advance of maturity except that part in excess of actual principal and interest requirements for twelve months on bonds then outstanding and the prescribed reserve unless all bonds then outstanding are to be retired.

(3) There is hereby created a special fund to be designated "Depreciation Fund", into which there shall next be set apart and paid from said Sewer Revenue Fund each month, after making the payments hereinbefore specified into the Operation and Maintenance Fund and sinking fund, an amount equal to 10% of the gross revenues paid into said Sewer Revenue Fund during the preceding monthly period until the amount in said fund shall aggregate $15,000, and whenever withdrawals are made from said fund so as to reduce the balance therein to less than $15,000 the payments shall continue so as to restore the amount therein to at least $15,000. All funds in said Depreciation Fund shall be kept apart from all other municipal funds, or all or any part of said fund may be invested in bonds or other direct or fully guaranteed obligations of the United States of America maturing or being subject to retirement at the option of the holder within not more than ten years from the date of such investment. Withdrawals and disbursements may be made from said Depreciation Fund for renewals or replacements to the municipal sewage system or for

improvements or extensions thereto and provided also that withdrawals and disbursements shall also be made from said Depreciation Fund to meet the payment of interest on or principal of the bonds herein authorized and any additional parity bonds to whatever extent and if for any reason funds in the sinking fund are insufficient for that purpose.

Whenever all specified and required payments from said Sewer Revenue Fund into the several special funds hereinbefore provided have been made and there is a balance in said Sewer Revenue Fund in excess of the estimated amounts to be so paid into the Operation and Maintenance Fund and the sinking fund during the succeeding three months, such excess shall be withdrawn and paid into a special fund hereby created and designated "Reserve Fund". Withdrawals and disbursements shall be made from said Reserve Fund to meet any deficiencies in the various special funds hereinbefore provided and if there are no such deficiencies then withdrawals and disbursements may be made from said Reserve Fund for the purchase or retirement prior to maturity of bonds issued by said town for account of said sewage system or for any other lawful purpose relating to the sewage system of said town.

Section 6. The rates for all services rendered by the sewage system of said town shall be reasonable and just, taking into account and consideration the cost and value of said system and the cost of maintaining, repairing and operating the same and the proper and necessary allowances for depreciation thereof and the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds, and there shall be charged such rates and amounts as shall be adequate to meet the requirements of this and the preceding section hereof. Compensation for services, if any, rendered to said town shall in like manner be charged against the town and payment for same shall be made from its corporate funds. The proceeds or income from all charges and contracts for sewers and sewage service

furnished by said sewage system within or outside the corporate limits of said town shall be included and accounted for as other income and revenue of said system.

In so far as consistent with the laws of West Virginia, said town agrees that so long as any of the bonds hereby authorized remain outstanding it will keep proper books of record and account, separate from all other municipal records and accounts, showing complete and correct entries of all transactions relating to said sewage system, and will cause such books of record and account to be audited annually by an independent certified public accountant. A copy of each such audit shall be furnished to the original purchaser of the bonds hereby authorized and copies thereof shall be made available for any bondholder requesting same. The holders of any of said bonds shall have the right at all reasonable times to inspect the system and all records, accounts and data relating thereto. The town hereby further agrees to furnish monthly to the original purchaser of the bonds hereby authorized, on such forms as may be supplied by said purchaser, a copy of each letter of transmittal from the town to the State Sinking Fund Commission accompanying the remittance of said town of its monthly payment into the sinking fund, as hereinbefore provided, and a monthly financial report in reasonable detail compiled by persons in the regular employ of the town covering the operation of said system and the income and disbursements for account of said system for such period.

It is hereby represented and certified that a sanitary board for said town has heretofore been lawfully created and organized and placed in charge of the operation of its municipal sewage system and that prior to the issuance of any of the bonds hereby authorized equitable rates or charges for the use of and service rendered by said sewage system will be established pursuant to a public hearing, all in the manner and form required by Section 1409(30) of the West Virginia Code; that copies of such rates or charges so established will be continuously on file in the office of said

Sanitary Board and in the office of the Recorder, each of which copies will be open to inspection by all parties interested. The schedule of rates or charges shall at all times be adequate to produce gross revenues from said sewage system to pay the expenses of operation, repair and maintenance thereof and leave a balance of net revenues sufficient to make the prescribed payments into the sinking fund and depreciation fund as hereinbefore set forth. Such schedule shall be changed and readjusted whenever necessary so that the aggregate of the rate or 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 revenues and it being the declared intention of the town to retire the bonds herein authorized prior to their stated maturity the town hereby covenants and agrees to charge and collect such rates and charges for the use of and services rendered by said municipal sewage system as will produce revenues sufficient to provide for all expenses of operation, maintenance and repair of said sewage system and leave a balance each year equal to at least 1.30 times the principal and interest becoming due during such year on all bonds then outstanding for the payment of which such revenues are or shall have been pledged, charged or otherwise encumbered.

All rates or charges if not paid when due shall constitute a lien upon the premises served, and if not paid within thirty days after the same become due, the amount thereof, together with a penalty of ten per cent and reasonable attorney's fees shall be recovered and shall be enforced by the Sanitary Board in a civil action in the name of the municipality, and as a part of such action the lien aforesaid shall be foreclosed in accordance with the laws relating to the enforcement of such liens all as permitted and provided by Section 1409(30) of the West Virginia Code.

Section 7. The Town of Moorefield hereby covenants and agrees with the holder or holders of the bonds herein authorized to be issued, or any of them, that it will faithfully and punctually perform all duties with reference to said sewage system required by the Constitution and laws of the State of West Virginia, including the making and collecting of reasonable and sufficient rates for services rendered by said system, and will segregate the revenue therefrom and make application thereof consistent with and as provided by this ordinance; and said town hereby irrevocably covenants, binds and obligates itself not to sell, lease, mortgage or in any manner dispose of any integral part of said system, including any and all appurtenances thereto and extensions and additions that may be made thereto, until all the bonds herein authorized to be issued and any additional bonds ranking on a parity therewith shall have been paid in full, both principal and interest, or legal and sufficient provision for such payment shall have been made, and further covenants and agrees with the holders of said bonds to maintain in good condition and continuously operate said system and appurtenances and to charge and collect such rates or charges for services rendered thereby so that the gross revenues will be sufficient at all times to provide for the payment of the operation, repair and maintenance of said system and leave net amounts to be paid into the sinking fund and depreciation fund as provided herein.

The town hereby further covenants and agrees that so long as any of the bonds hereby authorized are outstanding it will carry for the benefit of the holders of the bonds adequate fire and windstorm insurance on all buildings of the municipal sewage system which are subject to loss through fire and windstorm and will carry adequate public liability insurance, and will carry for the benefit of the holders of the bonds insurance of the kinds and in the amounts normally carried by private companies in the operation of similar

properties in West Virginia. All money received for losses under any of such insurance policies, except public liability, shall be paid into the Depreciation Fund and such payments shall not reduce the amounts otherwise required to be paid into said fund Disbursement of such proceeds shall be made in the same manner and for the same purposes as are other disbursements from the Depreciation Fund.

Section 8. That any holder of said bonds or of any of the coupons may either at law or in equity, by suit, action, mandamus or other proceedings protect and compel performance of all duties imposed or required by this ordinance or the law pursuant to which said bonds are to be issued, including the making and collecting of sufficient rates and segregation of the revenues and the application thereof. That upon the filing of suit by any holder of said bonds or of any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer said system on behalf of the town with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said system and for the payment of the operating expenses, and to apply the revenues in conformity with this ordinance and the provisions of said statute laws of West Virginia aforesaid.

Section 9. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of said system or with respect to the security for their payment, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the bonds authorized or permitted to be issued under the provisions of this ordinance, regardless of the fact that they may be actually issued and delivered at different times.

Said town hereby reserves the right and privilege of issuing additional bonds payable from the "Sewer Revenue Bond Interest and

Sinking Fund", hereinbefore created and ranking on a parity with the bonds hereby authorized for the purpose of paying the cost of further extensions and improvements to the municipal sewage system; provided that before any such additional parity bonds are issued there shall have been procured and filed with the Recorder a statement by an independent certified public accountant not in the regular employ of the town on a monthly salary basis reciting the opinion based upon the necessary investigation that the net operating revenues of said sewage system for twelve consecutive months out of the preceding eighteen months (with adjustments as hereinafter provided) were equal to at least 1.30 times the maximum amount of principal and interest that will become due in any calendar year on account of the bonds then outstanding and the bonds then proposed to be issued. The words "net operating revenues" as herein used are defined as gross revenues less operating expenses which shall include salaries, wages, cost of maintenance and operation, materials and supplies, administration and insurance, as well as all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation. The "net operating revenues" may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net operating revenues by reason of the extensions and improvements to said municipal sewage system, the cost of which is to be paid through the issuance of such additional parity bonds but such latter adjustment shall only be made if contracts for the immediate construction or acquisition of such extensions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. All such adjustments shall be based upon written certification by an independent consulting engineer or firm of consulting engineers of national reputation in the field of sanitary engineering and licensed in the State of West Virginia.

The interest payment dates for all such additional parity bonds shall be semiannually on June 1 and December 1 and the principal maturities thereof shall be on June 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this section, shall be understood to mean bonds payable from the revenues of said system on a parity with the bonds herein authorized, and shall not be deemed to include nor prohibit the issuance of other obligations, the security and source of payment of which is subordinate and subject to the priority of payments into the sinking fund for account of the bonds authorized or permitted to be issued hereunder. So long as any of the bonds authorized by this ordinance or any additional parity bonds remain outstanding no other bonds or other obligations may be issued or incurred having any priority or preference and except as permitted and provided by this section no other bonds or obligations may be incurred ranking on a parity therewith.

Section 10. That the bonds hereby authorized be executed as herein provided as soon after the adoption of this ordinance as may be and be thereupon sold and delivered to Charles A. Hinsch & Company, Inc., of Cincinnati, Ohio, at such time or times and in such amount or amounts as may be provided by supplemental ordinance or ordinances and in accordance with the agreement approved and accepted by the Common Council on April 16, 1963 and now on file with the Recorder and the terms and conditions of said agreement are in all respects hereby ratified and confirmed and found to be for the best interests of said town The proceeds derived from the issuance of said bonds, exclusive of accrued interest and interest during construction, shall be used only for the purpose of defraying the cost, not otherwise provided, of constructing the extensions and improvements to the sewage system of said town all as generally described and referred to in the preamble

hereof. Promptly upon the issuance of any of the bonds hereby authorized all sums received as accrued interest together with a portion of the bond proceeds equal in the aggregate to all interest to accrue on said bonds to June 1, 1964 shall be set aside in the sinking fund. All such proceeds available for construction work pending expenditure thereof shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation, as a special account and to the extent any such deposit in any one bank exceeds $10,000 such excess shall be secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia or the excess of such deposit shall be collaterally secured by direct obligations or guaranteed bonds or securities of the United States of America having an equivalent market value. The proceeds of said bonds thus set apart for construction costs shall be paid out only upon certification by the engineer employed by the Sanitary Board to supervise the construction work of such extensions and improvements to the effect that the respective amounts of such expenditures represent amounts due and payable for materials furnished or work or services performed in accordance with the plans and specifications for such extensions and improvements. Any surplus remaining after completion of such construction shall be paid into the sinking fund aforesaid.

Section 11. The provisions of this ordinance shall constitute a contract between the Town of Moorefield and the holders of the bonds authorized to be issued hereunder, and after the issuance of any of the bonds no change, variation, or alteration of any kind of the provisions of this ordinance shall be made in any manner except as herein provided, until such time as all of said bonds issued hereunder and the interest thereon have been paid in full.

Section 12. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such

section, paragraph, clause or provisions shall not affect any of the remaining provisions of this ordinance.

Section 13. All ordinances, resolutions and orders, or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 14. That this ordinance shall be published once each week for two successive weeks in the Moorefield Examiner, being the only newspaper published in the Town of Moorefield, together with an appropriate notice that this ordinance has been adopted; that the Town of Moorefield contemplates the issuance of the bonds herein authorized, and that any person interested in the matter may appear before this Common Council at a public hearing to be held at Inskeep Hall in said town, on June 29, 1963, at 7:30 o'clock P.M. and then and there be heard as to the matters herein provided. The final publication in said newspaper shall appear at least ten days prior to said hearing date.

Adopted and approved June 4, 1963.

W. D. Grafton
Mayor

Attest:

Elizabeth M. Baker
Recorder

Recorded: June 4, 1963

Elizabeth M. Baker
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 1993 Addition Ordinance & other 1986 Bonds.

Phyllis J. Sherman

Date: 11/20/87

CERTIFICATE

Certified to be a true and correct copy of that certain Ordinance duly filed and of record in the office of the Recorder of the Town of Moorefield, West Virginia, passed by the Council of the Town of Moorefield at the meeting held on June 14, 1983, and effective June 28, 1983.

Given under my hand and the official seal of the Town of Moorefield, West Virginia, this 25th day of July, 1983.

RECORDER

(S E A L)

TOWN OF MOOREFIELD, WEST VIRGINIA

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, AND UP TO $3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983, OF TOWN OF MOOREFIELD TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO A SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; AUTHORIZING A TRUST INDENTURE SETTING FORTH THE TERMS AND PROVISIONS OF AND SECURITY FOR THE NOTES; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED BY THE COUNCIL OF TOWN OF MOOREFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS, DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is adopted pursuant to the provisions of Article 13, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law, upon the petition of the Sanitary Board of the Town of Moorefield. Town of Moorefield (the "Issuer") is a municipal corporation of the State of West Virginia.

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Article 13, Chapter 16 of the West Virginia Code.

"Anticipated Grant Receipts" means, at any time, the amount of Grant Receipts, as hereinafter defined, as stated in a certificate of an Authorized Officer and the Consulting Engineers, expected to be received after the date of such certificate and prior to the 60th day next preceding the scheduled maturity date of the Notes originally issued under the Indenture.

"Authority" means the West Virginia Water Development Authority.

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

"Bonds" means the Original Bonds, as hereinafter defined, and any additional bonds issued on a parity therewith pursuant to this Ordinance.

"1963 Bonds" means the Town of Moorefield, West Virginia Revenue Bonds, dated June 1, 1963, and issued in the original principal amount of $145,000.

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

"Bondholder" or "Holder of the Bonds" or any similar term means West Virginia Water Development Authority or any other owner of the Bonds.

"Consulting Engineer" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Council" means the Council of the Issuer.

"Eligible Costs" means Project costs that are eligible for reimbursement by the EPA.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"EPA Retainage" means ten percent (10%) of the Eligible Costs, or such lesser amount of the Eligible Costs, as may be withheld from time to time by the EPA pending satisfactory completion of the EPA audit, which amount shall be certified by the Consulting Engineers to the Trustee and the Issuer sixty (60) days prior to the scheduled maturity of the Notes originally issued under the Indenture.

"EPA Retainage Deficiency" means the amount of any deficiency in the Note Repayment Account, as hereinafter defined, attributable to the EPA's withholding the EPA Retainage, which amount may be less than or equal to the EPA Retainage Deficiency.

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the sewerage system by addition, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time construction or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

"Grant Agreement" means a written commitment for the payment of a Grant, as hereinafter defined specifying the amount, terms and conditions and dates or events of payment relating to such Grant; provided, the "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "HUD Grant Agreement" means only the Grant Agreement relating to the HUD Grant, as hereinafter defined.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided, that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant and "HUD Grant Receipts" means only Grant Receipts on account of the HUD Grant, as hereinafter defined.

"Grants" means, collectively, the EPA Grant and the HUD Grant, as hereinafter defined, together with any other grant hereafter received by the Issuer in aid of financing any costs of the Project.

"Herein" means in this Ordinance.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Grant" means the grant from HUD pursuant to the commitment therefor.

"Issuer" or "Town" means Town of Moorefield, a municipal corporation of the State of West Virginia and includes the Council of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Letter of Credit" means the letter of credit, pursuant to which the Letter of Credit Bank shall agree to pay to the Trustee upon delivery of the Refunding Notes, as hereinafter defined, and certain certifications by the Trustee, a certain sum to be established by supplemental resolution hereto.

"Letter of Credit Bank" means that bank, to be designated by supplemental resolution hereto, which shall be the issuer of the Letter of Credit, or any other issuer of the Letter of Credit.

"Local Share" means a certain dollar amount to be established by a resolution supplemental hereto.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Noteholder" or "Holder of the Notes" means any person who shall be the registered owner of any outstanding Note.

"Note Repayment Account" means the Sewerage System Construction Note Repayment Account established by Section 402 of the Indenture.

"Notes" means the up to $3,000,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1983, originally authorized hereby, and any refunding notes of the Issuer.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities (excluding depreciation), and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer 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, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Ordinance" means this Ordinance and all resolutions supplemental hereto.

"1963 Ordinance" means the ordinance enacted by the Council of the Issuer on June 29, 1963, authorizing the 1963 Bonds.

"Original Bonds" without any other designation means the Town of Moorefield Sewerage System Improvement Revenue Bonds, Series A, authorized hereby to be issued in an aggregate principal amount of up to $500,000.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds or Notes theretofore and thereupon being authenticated and delivered except (1) any Bonds or Notes cancelled by the State Treasurer, or the Trustee, as the case may be, at or prior to said date; (2) any Bonds or Notes for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust under this Ordinance or the Indenture, as the case may be, and set aside for such payment (whether upon or prior to maturity); (3) any Bonds or Notes deemed to have been paid pursuant to Article X hereof; and (4) for purposes of consents or other actions by a specified percentage of Noteholders, any Notes held by the Issuer.

"Paying Agents," as used in the context of the Notes means the Trustee and any other paying agent designated pursuant to the Indenture, and, as used in the context of the Bonds, means such paying agents selected by the Issuer and established by supplemental resolution hereto.

"Project" shall have the meaning stated in Section 1.03 (B) below.

"Project Construction Fund" means that fund created pursuant to Section 403 of the Indenture.

"Purchaser" means West Virginia Water Development Authority or any other purchaser of the Bonds.

"Qualified Investments" means and includes 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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(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 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; and

(e) 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.

"Recorder" means the Recorder of the Issuer.

"Refunding Notes" means those notes which are issued as provided in Section 306 of the Indenture to pay the principal of the Series 1983 Notes that would otherwise have been paid from the proceeds of the Original Bonds or which shall be issued for the purpose of paying the EPA Retainage Deficiency, or both, to be issued by the Issuer and delivered to the Letter of Credit Bank as a condition precedent to, and as evidence of, a draw by the Trustee under the Letter of Credit.

"Revenue Fund" means that certain fund created pursuant to the 1963 Ordinance and continued pursuant to Section 401 hereof.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, 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 generally accepted accounting principles.

"Surplus Revenues" means the Net Revenues not required by the 1963 Ordinance to be set aside, and held for the payment or security of 1963 Bonds.

"System" means the Project and all improvements and extensions thereto, and includes the complete sewerage system of the Issuer and all waste water treatment facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Indenture" or "Indenture" means the Trust Indenture dated as of July 1, 1983, between the Issuer and the Trustee securing the Notes, the form of which is attached hereto as Exhibit I.

"Trustee" means such trustee as shall be named by the Council in a resolution supplemental hereto, and any successor trustee hereunder.

"Underwriters" means Young Moore & Company, Inc., their successors and assigns.

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

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

(A) The Issuer now owns a public sewerage system, but the sewerage system is inadequate and the inhabitants of the Issuer and adjacent areas and customers of the sewerage system urgently need additional and improved sewerage facilities as herein provided.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the sewerage system of the Issuer, with all necessary appurtenant facilities (collectively called the "Project"), which shall consist of the construction of a new secondary treatment plant, the improvement of two existing pump stations, the construction of three new pump stations and the

installation of new collection lines, and which is more particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its Original Bonds in the aggregate principal amount of up to $500,000 to finance permanently a portion of the cost of such construction and improvement in the manner hereinafter provided and, prior to delivery of the Bonds and prior to receipt of the Grant Receipts, it is necessary for the Issuer to issue its Sewerage System Construction Notes, Series 1983, in the aggregate principal amount of up to $3,000,000 to finance costs of acquisition and construction of the Project. It is also necessary for the Issuer to enter into the Trust Indenture substantially in the form of Exhibit A attached hereto, and the Mayor and the Recorder shall execute, acknowledge and deliver the Trust Indenture in substantially such form.

(D) The estimated maximum cost of the construction of the Project is $2,110,902, which will be paid from the net proceeds of the Notes, pending the receipt by the Issuer of the proceeds of sale of the Bonds, a HUD Grant of $750,000 from the United States Department of Housing and Urban Development, Small Cities Block Grant Program, and the EPA Grant of up to $1,634,700 from the United States Environmental Protection Agency. The Issuer has entered into an agreement with the West Virginia Department of Finance and Administration, acting on behalf of the Governor's Office of Economic and Community Development, whereby the State of West Virginia obligated to the Issuer the funds available to it under HUD's Small Cities Block Grant Program. The Issuer has entered into a Step III grant agreement with the EPA, pursuant to which the EPA will reimburse the Issuer for approximately seventy-five percent (75%) of the cost of the Project, as discussed in Section 404 of the Indenture, incurred by the Issuer and eligible for reimbursement by the EPA ("Eligible Costs").

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

(F) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project and operation of the System as improved by the Project and issuance of the Original Bonds, or will have so complied prior to issuance of the Original Bonds.

Section 1.04. Ordinance to Constitute Contract. In consideration of the acceptance of the Bonds by the Purchaser and of the Notes by the Underwriters and subsequent holders thereof, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser and the holders of the Bonds and the Notes, and the covenants and agreements set forth herein to be performed by the Issuer

shall be for the benefit, protection and security of the holders of the Bonds and for the holders of the Notes.

Section 1.05. Use of Sewerage Facilities Mandatory. The mandatory use of the sewerage facilities of the System is hereby determined and declared to be essential and necessary for the protection and preservation of the public health, comfort, safety, convenience, welfare and economy of the inhabitants of the Issuer and for the rendering harmless of sewage and waterborne waste matter produced or arising within the boundaries of the Issuer. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within 300 feet thereof and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, and from which sewage will flow by gravity to the collecting sewer line in a public way, shall connect such building or structure immediately with the sewerage facilities of the System and shall thereafter refrain from using and cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates provided herein.

Any such building or structure within said boundaries and within the corporate limits of the Issuer not so connected with the sewerage facilities of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated as promptly as possible by proceedings by the Issuer in the Circuit Court of the County of Hardy or other court of competent jurisdiction. The Issuer shall also make reasonable efforts to enforce compliance with this covenant outside its corporate limits, but gives no assurance that such shall be enforceable outside such limits.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project, plans and specifications for which have been prepared by the Consulting Engineers, and the cost of which has been estimated to be $2,110,902 by the Consulting Engineers, and heretofore filed with the Issuer. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in Article IV of the Indenture and Article VI hereof, respectively.

ARTICLE III

NOTES

Section 3.01. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Original Bonds to the Purchaser and the receipt of the Grant

Receipts, the Sewerage System Construction Notes, Series 1983 (the "Notes"), of the Issuer shall be issued and sold in the aggregate principal amount of up to $3,000,000.

Section 3.02. Terms of Security for Trust Indenture Notes; The Notes shall be in registered form, shall be numbered 1 upward, shall be in denomination of $5,000 each or any integral multiple thereof, shall be negotiable (subject to such restrictions on transferability set forth by the Indenture), and shall bear interest from the date thereof. Further, the Notes shall be in the aggregate principal amount, shall be payable at the rate or rates, shall mature, and shall have such other provisions as are not set forth herein as provided in a resolution supplemental hereto (the "Supplemental Resolution") and the Indenture. The Notes shall be dated as of the date specified in the Supplemental Resolution. Principal of the notes are payable at the principal office of the Trustee, Charleston, West Virginia, or such other Paying Agent as may be designated pursuant to the Indenture, and payment of the semi-annual interest thereon shall be made by check or draft mailed to each registered owners at his address as it appears on the registration books kept by the Trustee or its designee, as the case may be, as Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Trustee.

The notes shall be secured in the manner set forth in the Trust Indenture, hereby authorized to be executed and delivered by the Issuer which Indenture shall be by and between the Issuer and the Trustee to be designated by the Supplemental Resolution, and which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part thereof.

Section 3.03. Notes Are Special Obligations. The Notes shall be special obligations of the Issuer, the principal of and interest on which are payable solely from the sources described in Article III of the Indenture. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except the Grant Receipts, Original Bond proceeds, Surplus Revenues and other funds pledged therefor by the Indenture.

Section 3.04. Covenants. The Issuer agrees that until payment in full of the principal and interest owing on the Notes when due, the covenants contained in Article III of the Trust Indenture shall inure to the benefit of the Noteholders.

Section 3.05. Supplemental Resolution. Following enactment hereof, and upon receipt of the Purchase Agreement from the Underwriters, the Issuer, if it be so advised, will adopt the Supplemental Resolution, which Supplemental Resolution will provide, among other things, award of the Notes, the interest rate or rates on the Notes, the interest payment dates, the maturity date and the sale price of the

Notes and such other matters as shall be required or desired in connection with issuance of the Notes.

ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 4.01. Authorization of Original Bonds. Subject and pursuant to the provisions hereof, the Original Bonds of the Issuer to be known as "Sewerage System Improvement Revenue Bonds, Series A," are hereby authorized to be issued in the aggregate principal amount of not exceeding Five Hundred Thousand Dollars ($500,000) for the purpose refunding a portion of the Notes, paying costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in a resolution or ordinance supplemental hereto, adopted or passed in connection with the sale of the Original Bonds (the "Supplemental Resolution"); provided, that said Original Bonds may not be issued for any purpose other than refunding all or a portion of the Notes, and purposes incidental thereto, so long as any of the Notes are Outstanding. Such Bonds shall not be issued contemporaneously with the Notes, but shall be issued when needed to refund a portion of the Notes in accordance with the Indenture.

Section 4.02. Description of Bonds. The Original Bonds shall be issued in an aggregate principal amount of up to $500,000, in the denomination of $5,000 or any integral multiple thereof, shall be lettered "R" and shall be numbered separately from 1 upward, shall be fully registered and shall be dated on the date of delivery. Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond, fully registered to the Authority. The Original Bonds shall bear interest from date, payable at such intervals and at such rates of and upon such further terms, as established by the Supplemental Resolution.

Section 4.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto or a facsimile of such seal imprinted thereon and attested by the Recorder.

Section 4.04. Sale of Original Bonds. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of a loan agreement to be entered into between the Town and the Authority (the "Loan Agreement"). The Mayor of the Town is hereby authorized and directed to execute the Loan Agreement in such form as may be approved by the Supplemental Resolution, and the Recorder of the Town is directed to affix the seal of the Town, attest the same and deliver the Loan Agreement to the Authority, provided, however, that the Town may sell the Bonds to any other purchaser prior to entering into the Loan Agreement with the Authority.

Section 4.05. Transfer and Registration of Bonds. So long as the Bonds remain Outstanding, the State Treasurer, or such other person as may be designated by Supplemental Resolution, shall keep and maintain books for the registration and transfer of the Bonds. The Bonds shall be transferable only upon the books of the Issuer which shall be kept for that purpose at the office of the State Treasurer by the registered owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the State Treasurer duly executed by the registered owner or his or her duly authorized attorney. Upon transfer of the registered Bonds, there shall be issued in the name of the transferee another registered Bond or Bonds, in an aggregate principal amount equal to the unpaid principal amount of the transferred Bonds, and having principal installments or maturities corresponding to the principal installments of such registered Bonds then unpaid.

In all cases in which the privilege of transferring a Bond is exercised, the Bond shall be delivered in accordance with the provisions of this Ordinance and the Bonds transferred shall forthwith be cancelled by the State Treasurer. For every such exchange or transfer of the Bonds, the State Treasurer may make a 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 said State Treasurer incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer. The State Treasurer shall not be obliged to make any such exchange or transfer of the Bonds during the ten (10) days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of the Bonds, next preceding the date of the selection of the Bonds to be redeemed.

Section 4.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender therefor.

Any such duplicate Bond, issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such Bond believed to have been, or which had been, lost, stolen or destroyed shall be cancelled. Such duplicate Bond shall be entitled to equal and proportionate benefits and rights as the Bond as originally issued.

Section 4.07. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Bonds shall be secured from their date of issuance by a lien on the Net Revenues derived from the System. This lien on the Net Revenues derived from the System shall be subordinate to the first lien thereon in favor of the 1963 Bonds while such bonds remain outstanding. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, in addition to making all payments on account of the 1963 Bonds, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. Notwithstanding any other provision hereof to the contrary, the lien on the Net Revenues on behalf of the Original Bonds may be subordinate to that created by the Indenture on behalf of the Notes originally issued thereunder.

Section 4.08. Form of Original Bonds. Subject to the provisions hereof, the text of the Original Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby, the Supplemental Resolution or any ordinance or resolution passed or adopted after the date of enactment hereof and prior to the issuance thereof:

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SEWERAGE IMPROVEMENT REVENUE BOND
SERIES A

$_____

R - 1 Date: _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee"), the sum of $_____, in installments on _____ of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

Year	Installment	Interest Rate

The interest rate on each installment shall run from the original date of delivery of this bond to the Payee until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____ 1, 19___. The principal of this bond is 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, through _____ _____, or at the option of the Payee at the _____. The interest on this bond is payable by check or draft mailed to the Payee at its address as it appears on the books of the Treasurer of the State of West Virginia, as registrar.

This bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of principal installments only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of this bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its bonds outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed

to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was require to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This bond represents the entire authorized series of bonds in the aggregate principal amount of $_____ (hereinafter called the "Series A Bonds") issued (i) to refund a portion of the Sewerage System Construction Notes, Series 1983, of the Issuer (the "Notes") issued to finance part of the cost of construction and improvement of a sewerage treatment and collection project (the "Project") pending issuance of the Bonds and receipt of certain grant proceeds, (ii) to pay additional costs of acquisition and construction of the Project, and (iii) to pay certain costs of issuance hereof and related costs. The Series A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on the _____ day of _____, 198___, and a Supplemental Resolution adopted by said Council on the _____ day of _____, 1983 (collectively called the "Bond Ordinance"), and is subject to all the terms and conditions thereof. The Bond 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 Series A Bonds under the Bond Ordinance.

The Series A Bonds are payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. Said pledge of net revenues, however, shall be subordinate to the interest of certain bonds previously issued by the Issuer, known as the Town of Moorefield, West Virginia Sewer Revenue Bonds, issued in the original principal amount of $145,000, while such bonds remain outstanding. Notwithstanding any other provision of the Bond Ordinance or hereof to the contrary, the lien on said net revenues on behalf of the Series A Bonds may also be subordinate to that created on behalf of

the Notes. The Series A Bonds do not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 _____% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues, excluding the Notes. The Issuer has entered into certain further covenants with the Payee, as holder of the Series A Bonds, for the terms of which reference is made to the Bond Ordinance. Remedies provided the Payee are exclusively as provided in the Bond Ordinance, to which reference is here made for a detailed description thereof.

This bond is transferable, as provided in the Bond Ordinance, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This bond shall be exempt from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

All money received from the sale of this bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Ordinance, including payment of a portion of the Notes authorized and issued pursuant to the Bond Ordinance and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of the Series A Bonds, 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 holders of the Series A 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 the Series A Bonds have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of the Series A Bonds, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Series A Bonds.

All provisions of the Bond 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, TOWN OF MOOREFIELD has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the _____ day of _____, 19____.

_____
Mayor

(SEAL)

ATTEST:

_____
Recorder

(Form of Payment Record)

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment (%)	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

SCHEDULE A

Principal installments on which payments have been made prior to maturity

Principal Due Date	Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent Authorized Officer and Title
	$	$	$		

(Form of Assignment)

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

the within bond of TOWN OF MOOREFIELD and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said bond on the books of the said Town with full power of substitution in the premises.

Dated: _____

_____

In the presence of:

_____

ARTICLE V

REVENUES AND APPLICATION THEREOF

Section 5.01. Covenants of the Issuer as to Revenues; Revenue Fund. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series A Bonds Reserve Fund and the Series A Sinking Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bonds that the entire gross revenues derived from the rates and charges of the System, and all parts thereof, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which fund, known as the "Sewer Revenue Fund" or "Revenue Fund" was established initially by the ordinance authorizing the issuance of the 1963 Bonds (the "1963 Ordinance"). The Revenue Fund constitutes a trust fund for the purposes provided herein and in the 1963 Ordinance and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein and in the 1963 Ordinance.

Section 5.02. 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:

(A) As provided by Section 5(1) of the 1963 Ordinance, the Issuer shall first each month pay from the moneys in the Sewer Revenue Fund into that fund designated the Operation and Maintenance Fund by the 1963 Ordinance all current Operating Expenses.

(B) The Issuer shall next make such payments from the Revenue Fund as required by Section 5(2) of the 1963 Ordinance into the Sewer Revenue Bond Interest and Sinking Fund established thereunder.

(C) The Issuer shall next make such payments from the Revenue Fund as required by Section 5(3) of the 1963 Ordinance into the Depreciation Fund established thereunder.

(D) Those amounts remaining in the Revenue Fund in excess of those payments set forth in paragraphs (A), (B) and (C) hereof, and those to be made into the Operation and Maintenance Fund and the Sinking Fund during the preceeding three (3) months shall next be deposited in the Reserve Fund established by Section 5 of the 1963 Ordinance. Any amounts remaining in said Reserve Fund after the application thereof pursuant to Section 5 of the 1963 Ordinance, and except as specifically provided below with respect to the Notes, shall be applied, in consecutive order, as ordered by paragraph (E), (F), (G) and (H) of this Section 5.02.

(E) The Issuer shall next, by the fifteenth day of each month, transfer from the Reserve Fund and pay into a sinking fund, to be held and administered by the Bond Commission (the "Series A Bonds

Sinking Fund"), the amount equal to the sum of (a) one-sixth of the interest payable on the Bonds authorized to be issued hereunder on the next interest payment date; (b) one-twelfth of that amount payable as principal during that twelve month period; and (c) any charges by the Bond Commission for its services in paying the Bonds' interest and principal.

(F) The Issuer shall next, by the fifteenth day of each month, transfer from the Reserve Fund and deposit with the said Bank in the Series A Bonds Reserve Fund hereby initially established in the Series A Sinking Fund with the Bond Commission, 1/12 of 1/5, or such lesser percentage required by the Authority at the time of issuance of the Original Bonds, of the amount of principal and interest becoming due on the Bonds authorized to be issued hereunder in any year until the amount in the Series A Bonds Reserve Fund equals a sum to be established by the Supplemental Resolution, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Series A Bonds Reserve Fund, the Issuer shall monthly deposit into the Series A Bonds Reserve Fund such part of the moneys remaining in the Reserve Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Series A Bonds Reserve Fund. Moneys in the Series A Bonds Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds authorized to be issued hereunder as the same shall become due or for prepayment of installments on said Bonds, or for mandatory prepayment of said Bonds as hereinafter provided, and for no other purpose.

(G) The Issuer shall next, by the fifteenth day of each month, deposit in the Depreciation Fund, as established and existing under the 1963 Ordinance, an amount equal to the difference, if any, between 2 1/2% of the gross revenues of the System for the preceding month (exclusive of payment into the Sewer Revenue Fund) and that sum payable therein as determined under Section 5(3) of the 1963 Ordinance, until there has been accumulated in the Depreciation Fund an aggregate sum to be established by the Supplemental Resolution. Thereafter such sums shall be paid into the Depreciation Fund as required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for capital improvements, extraordinary repairs and replacements of equipment and improvements for the System, or any part thereof.

(H) Whenever all of the required and provided transfers and payments from the Revenue Fund and the Reserve Fund into the several special funds, as provided in the 1963 Ordinance and herein, are current and there remains in said Reserve Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series A Bonds Sinking Fund, the Series A Bonds Reserve Account, and the Depreciation Fund pursuant to paragraphs (E), (F) and (G) hereof during

the next succeeding three (3) months, such excess shall be considered as excess revenues (the "Excess Revenues"). The Excess Revenues shall be first used for the construction and acquisition of improvements and extensions to the System, and, thereafter, to the extent not need for such purposes, the Excess Revenues and any surplus moneys in the Series A Bond Sinking Fund, in excess of the amount of interest to become due on the next interest payment date and the amount of principal to become due within the next succeeding thirteen (13) months, may be used to purchase Bonds upon the open market at a price not exceeding the par value thereof plus three percent (3%) of such par value, or to redeem Bonds at a price not in excess of the redemption price thereof, or for debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such improvements or extensions.

Notwithstanding the foregoing, if there are not sufficient funds in the Note Repayment Account to pay the principal of and interest on the Notes on the 20th day prior to the maturity on any interest payment date thereof, as the case may be, and all payments from the Revenue Fund as required and provided by Subsections (A), (B), (C) and (D) of this Section 5.01, are current, any amounts remaining in the Reserve Fund (to the extent of such deficiency) shall be transferred immediately to the Repayment Account.

If none of the 1963 Bonds are outstanding, whenever the moneys in the Series A Bonds Reserve Fund in addition to moneys in the Series A Bonds Sinking Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Bond Commission is hereby designated as the Fiscal Agent for the administration of the Series A Bonds Reserve Fund as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Reserve Fund at the times provided herein, together with written advice stating the amount remitted for deposit into such Fund.

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 Purchaser shall have a lien thereon, subordinate to the lien of the 1963 Bonds, for further securing payment of the Bonds and the interest thereon, but the depository bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds 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 make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Issuer shall instruct the Bond Commission to keep the moneys in the Series A Bonds Reserve Fund invested and reinvested in accordance with Article VI hereof. The moneys in the funds established by the 1963 Ordinance shall be invested as provided therein.

ARTICLE VI

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. Any accrued interest received from the sale shall be deposited in the Series A Bonds Sinking Fund and applied to the first interest payment due on the Original Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest on the Original Bonds for the period specified in the Supplemental Resolution shall be deposited in the Series A Bonds Sinking Fund; provided, that such period may not extend beyond the date which is six (6) months after the estimated date of completion of construction of the Project.

C. The amount necessary to pay the costs of issuance of the Original Bonds shall be deposited in a special account, hereby designated the "Town of Moorefield Sewerage Improvement Revenue Bonds Cost of Issuance Account", (the "Costs of Issuance Account"), created with such bank as may be designated in the Supplemental Resolution and used for such purposes.

D. Except as provided by Subsection (E) of this section, the remaining moneys derived from the sale of the Original Bonds shall be deposited with the Trustee in the Note Repayment Account and applied solely to the payment of the Notes.

E. If the amount deposited pursuant to Subsection (D) above, together with other moneys on deposit in the Note Repayment Account, is sufficient to pay all the Notes Outstanding and defease the Indenture pursuant to Section 801 thereof and authorized by the Supplemental Resolution, the remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer in a separate account, to be designated the "Town of Moorefield Sewerage Improvement Revenue Bond Proceeds Account" (the "Bond Proceeds Account"), which account is hereby created and established in the Project Construction Fund. Any moneys in the Bond Proceeds Account may be drawn out, used and applied by the Issuer for the payment of any additional costs of construction and acquisition of the Project authorized by the Supplemental Resolution, and purposes incidental thereto. 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 shall be deposited by the Issuer in the Sinking Fund and shall be used only as provided therefor. All such proceeds shall be and constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of such Bonds.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. General Statement. So long as the Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series A Bonds Reserve Fund and the Series A Bonds Sinking Fund sums sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholders.

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed by the Indenture; provided, that Section 7.02 shall not be applied to the Notes.

Section 7.02. Rates. The Issuer 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 130% or such lesser percentage as established by a resolution supplemental hereto, of the annual maximum debt service on the Series 1963 Bonds and the Bonds, or such other debt service requirement established by the Authority and all other obligations, except the Notes, to which the revenues of the System are pledged, and to make all payments required herein into the Series A Bonds Reserve Fund and Depreciation Reserve during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 7.03. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the System shall be set forth in an ordinance enacted on or prior to the date of the Supplemental Resolution, subject to change consonant with the provisions thereof.

Section 7.04. Enforcement of Collections. The Issuer will diligently enforce and collect all rates or other charges of the System to the full extent permitted or authorized by the laws of the State.

Whenever any fees, rates, rentals or other charges for the services and 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 services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 7.05. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges incurred by it. 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 7.06. Sale of the System. The System or any part thereof will not be sold, mortgaged, leased or otherwise disposed of so long as the 1963 Bonds are outstanding. If only the Bonds authorized hereunder are Outstanding, the System or any part thereof may be sold or otherwise disposed of with the prior written consent of the Purchaser. Such consent will provide for disposition of the proceeds of any such sale.

Section 7.07. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, 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, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the replacement cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the

repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer 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 for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the Council 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 prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of Hardy County, West Virginia prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Issuer's Sanitary Board and as to every officer and employee thereof or of the Issuer having custody of the Sewerage System Improvement Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.08. Fiscal Year; Budget. While the Notes and 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 forty-five days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt a detailed, balanced budget of the estimated expenditures of the System for the ensuing year, (the "Annual Budget") 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 Issuer. Copies of each Annual Budget shall be delivered to the Trustee and Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer 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 Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Trustee and such Noteholders who made a request therefor as detailed above and to the Purchaser.

Section 7.09. Covenant to Proceed and Complete. The Issuer 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 7.10. Books and Records. The Issuer will keep books and records of the System, following generally accepted accounting principles to the extent prescribed by and allowable under the rules and regulations of the Public Service Commission of West Virginia, which books and records shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and Noteholders, the Purchaser and Trustee shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall file with the Consulting Engineers, the Trustee, and the Authority, or any other original purchaser of the Bonds, and mail to any holder of the Notes or Bonds requesting the same, an annual report containing the following:

A. A statement of gross revenues, operating expenses and net revenues;

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

C. The amount of bonds, notes or other obligations outstanding.

The Issuer shall also, 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 and shall mail upon request and make generally available copies of such audit report or a summary thereof to the Trustee, the holders of the Notes, and the Purchaser of the Bonds.

Section 7.11. Maintenance of System. The Issuer 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 the Notes and Bonds are outstanding. Furthermore, the Issuer covenants that it will not render or cause to be rendered any free services of any nature by its System.

Section 7.12. No Competition. The Issuer 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 Issuer or within the territory served by the System.

Section 7.13. Concerning Arbitrage. The proceeds of sale of the Notes and the Bonds will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 7.14. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged for the Notes originally issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture; and so long as any of the Bonds are Outstanding the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, that the lien of such Notes originally issued, under the Indenture on such revenues may rank prior thereto and that additional Bonds on a parity with the Bonds may be issued as provided for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes; provided, that so long as any of the Notes is Outstanding no such additional parity Bonds shall be issued except for the purpose of refunding all or a portion of the Notes and purposes incidental thereto. Such additional parity Bonds shall be issued under such conditions and upon such terms as established by ordinance of resolution of the Issuer. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless the Series A Bonds Reserve Fund and the Series A Bonds Sinking Fund are funded to the extent that no further payments are required thereto as provided in Section 502.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment,

encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof.

ARTICLE VIII

INVESTMENTS

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 Bond Commission, the Trustee, or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the Trust Indenture, the need for such moneys for the purposes set forth herein and in the Indenture.

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

ARTICLE IX

DEFAULTS 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) Payment of the principal of any of the Bonds shall not be made as and when the same shall become due and payable; or

(b) Payment of any installment of interest on any of the Bonds shall not be made as and when the same shall become due and payable; or

(c) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver, or receivers, of the Issuer, or of any of the revenues to be derived from the System, or any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting any composition between the Issuer and any of its creditors pursuant to any Federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty days after the entry thereof, or if such proceedings, having been instituted without the consent or acquiescence of the Issuer, shall not be withdrawn or any orders entered shall not be withdrawn, vacated, discharged or stayed on appeal, within sixty days after the institution of such proceedings, or the entry of such orders; or

(d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds, in the Indenture, or in the Ordinance, other than (a) and (b) above, and such default shall continue for thirty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Bonds including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinances with respect to the Bonds, or the rights of the Holders of the Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the 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 Event of Default with respect to such Bonds any Holder of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this 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 Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Holders of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Holders of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said

System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds or Notes, as the case may be, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Ordinance, then the respective pledges of Net Revenues, Surplus Revenues, Original Bond proceeds and Grant Receipts, and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to Holders of the Bonds or Notes, as the case may be, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or Notes, as the case may be, and interest installments for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds or Notes, as the case may be, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds and Notes, as the case may be, shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or the Trustee, as the case may be, 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 Bond Commission or the Trustee, as the case may be, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Bonds or Notes, as the case may be, on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Bond Commission or the Trustee, as the case may be, 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 or Notes, as the case may be; provided, that any cash received from such principal or interest payments on such securities deposited with the Bond Commission or the Trustee, as the case may be, 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 or Notes, as the case may be, on and prior to such maturity dates thereof, and interest earned from such reinvestments shall be paid over

to the Issuer as received by the Bond Commission or the Trustee, as the case may be, free and clear of any trust; lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Ordinance. No material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Bondholders or Noteholders shall be made without the consent in writing of the Holders of sixty-six and two-thirds percent (66-2/3%) or more in principal amount of the Bonds or Notes respectively, then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Holder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof 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 hereof, and shall in no way affect the validity of all the other provisions hereof, the Notes or the Bonds.

Section 11.03. 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, excepting the 1963 Ordinance and all supplemental resolutions related thereto, authorizing the issuance of the 1963 Bonds.

Section 11.04. 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 11.05. Effective Time. This Ordinance shall take effect after publication and public hearing thereon, in compliance with Section 6 of the Act, following its adoption by the Council.

Passed on First Reading June 7, 1983.

Passed on Second and Final Reading June 14, 1983.

Effective June 28, 1983.

By: _____
Mayor

(SEAL)

By: _____
Recorder

EXHIBIT I

TOWN OF MOOREFIELD, WEST VIRGINIA

TO

_____

AS TRUSTEE

TRUST INDENTURE

DATED AS OF JULY 1, 1983

SECURING

$_____ SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983

OF

TOWN OF MOOREFIELD, WEST VIRGINIA

THIS TRUST INDENTURE (the "Indenture") dated as of the 1st day of July, 1983, made and entered into by and between the TOWN OF MOOREFIELD, WEST VIRGINIA, a body corporate and a municipal corporation of the State of West Virginia (the "Issuer") and _____, a _____ authorized to accept and execute trusts and covenants of the character hereinafter set forth in the City of _____, State of West Virginia ("Trustee"):

W I T N E S S E T H :

WHEREAS, the Issuer by ordinance and supplemental resolution duly enacted (collectively called the "Ordinance") did authorize the issuance of up to $3,000,000 of Sewerage System Construction Notes, Series 1983 (the "Notes" or "Series 1983 Notes") in anticipation of the issuance of up to $500,000 of its Sewerage System Improvement Revenue Bonds, Series A (the "Bonds" or "Original Bonds"), and in anticipation of the receipt of grants from the United States of America, Environmental Protection Agency ("EPA") and Department of Housing and Urban Development ("HUD") (collectively the "Grants") whose proceeds will be used to provide a portion of the cost of improvements and extensions to the Issuer's sewerage system (the "Project"); and

WHEREAS, the Ordinance prescribes that upon delivery of the Notes and receipt of the proceeds thereof, such proceeds shall be delivered to the Trustee for deposit in special trust accounts to be held in trust, invested, reinvested and disbursed only in the manner and for the purposes herein permitted.

NOW, THEREFORE, THIS INDENTURE WITNESSETH that the Issuer, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Series 1983 Notes by the original purchasers and the subsequent holders thereof and of the sum of One Dollar, lawful money of the United States of America, to be duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable considerations the receipt whereof is hereby acknowledged.

In order to secure the payment of the principal of and interest on the Notes according to their tenor and effect and in order to insure the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Notes and in the Ordinance, the Issuer has entered into this Trust Indenture granting to the Trustee for the benefit of the holders of the Notes certain monies received and to be received by the Issuer, has given, granted, pledged and assigned, and does by these presents give, grant, pledge and assign to the Trustee, and to its successor in the trusts hereby created and to them and their assigns forever:

I. FOR THE BENEFIT OF THE HOLDERS OF THE NOTES:

(a) The net proceeds of the Original Bonds.

(b) All the proceeds of the Grants received after the issuance of the Notes.

(c) All proceeds of the Notes held by the Trustee pursuant to the provisions of this Indenture in any fund established by the provisions of this Indenture until the same shall have been expended in accordance with the provisions hereof and the investment earnings upon any of the funds and accounts established by the provisions of this Indenture.

(d) The net proceeds of any refunding sewerage system construction notes issued by the Issuer to refund the Notes.

(e) Any net revenues derived from the operation of the sewerage system of the Issuer (together with the Project and any further improvements and extensions thereto, the "System"); provided that the lien on such net revenues created hereby shall be subordinate to the lien created on behalf of the Town of Moorefield, West Virginia Sewer Revenue Bonds dated June 1, 1963 (the "1963 Bonds"), outstanding on the date hereof in the aggregate principal amount of $_____ (said net revenues pledged on a subordinate basis are hereinafter referred to as the "Surplus Revenues").

(f) All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Issuer or by anyone in its behalf, or with its written consent.

TO HAVE AND TO HOLD all and singular said trust estate with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of the holders of the Notes issued or to be issued under and secured hereby;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall keep, perform and observe all the covenants and conditions required by this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the holders of the Notes all sums of money due or to become due in accordance with the terms and provisions thereof or of Section 801 hereof, then upon such payments this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH that the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders and owners, from time to time, of the Notes or any part thereof, as follows, that is to say:

ARTICLE I

DEFINITIONS

Section 101. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Article 13, Chapter 16 of the West Virginia Code.

"Anticipated Grant Receipts" means, at any time, the amount of Grant Receipts, as hereinafter defined, as stated in a certificate of an Authorized Officer and the Consulting Engineer, expected to be received after the date of such certificate and prior to the 60th day next preceding the scheduled maturity date of the Notes originally issued hereunder.

"Authority" means the West Virginia Water Development Authority.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Trustee, whether or not published on Saturdays, Sundays or legal holidays.

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

"Bonds" means the Original Bonds, as hereinafter defined, and any additional bonds issued on a parity therewith pursuant to the Ordinance.

"1963 Bonds" means the Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds, dated June 1, 1963, issued in the original principal amount of $145,000 and outstanding on the date hereof in the aggregate principal amount of $_____.

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

"Consulting Engineer" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Council" means the Council of the Issuer.

"Eligible Costs" means Project costs that are eligible for reimbursement by the EPA.

"Eligible Costs Account" means the Sewerage System Construction Notes Eligible Costs Account established in the Project Construction Fund, as hereinafter defined, by Section 403 hereof.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

"EPA Grant Receipts Account" means the EPA Grant Receipts Account established in the Grant Receipts Fund, as hereinafter defined, by Section 405.

"EPA Retainage" means ten percent (10%) of the Eligible Costs, or such lesser amount of the Eligible Costs, as may be withheld from time to time by the EPA pending satisfactory completion of the EPA audit, which amount shall be certified by the Consulting Engineers to the Trustee and the Issuer sixty (60) days prior to the scheduled maturity of the Notes originally issued hereunder.

"EPA Retainage Deficiency" means the amount of any deficiency in the Notes Repayment Account, as hereinafter defined, attributable to the EPA's withholding the EPA Retainage, which amount may be less than or equal to the EPA Retainage.

"Event of Default" means any occurrence or event specified in Section 601 hereof.

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

"Fiduciaries" means the Trustee and the Paying Agents.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

"Grant Agreement" means a written commitment for the payment of a Grant, as hereinafter defined, specifying the amount, terms and conditions and dates or events of payment relating to such Grant; provided, that "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "HUD Grant Agreement" means only the Grant Agreement relating to the HUD Grant, as hereinafter defined.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided, that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant and "HUD Grant Receipts" means only Grant Receipts on account of the HUD Grant.

"Grant Receipts Fund" means the Sewerage System Grant Receipts Fund established by Section 405 hereof.

"Grants" means, collectively, the EPA Grant and the HUD Grant, as hereinafter defined, together with any other grant hereafter received by the Issuer in and of financing any costs of the Project.

"Herein" means in this Trust Indenture.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Grant" means the grant from HUD pursuant to the commitment therefor.

"HUD Grant Receipts Account" means the HUD Grant Receipts Account established in the Grant Receipts Fund by Section 405.

"Ineligible Costs Account" means the Sewerage System Construction Notes Ineligible Costs Account established in the Project Construction Fund, as hereinafter defined, by Section 403 hereof.

"Issuer" means Town of Moorefield, a municipal corporation of the State of West Virginia and includes the Council of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Letter of Credit" means the letter of credit, pursuant to which the Letter of Credit Bank has agreed to pay to the Trustee upon delivery of the Refunding Notes and certain certifications by the Trustee, a sum not to exceed $_____.

"Letter of Credit Bank" means _____ as issuer of the Letter of Credit.

"Local Share" means the amount of $_____.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Noteholder" or "Holder of the Notes" means any person who shall be the registered owner of any outstanding Note.

"Notes" means the $_____ in aggregate principal amount of Sewerage System Construction Notes, Series 1983, originally authorized hereby, and any refunding notes of the Issuer.

"Notes Capitalized Interest Account" means the Sewerage System Construction Notes Capitalized Interest Account established in the Note Repayment Account, as hereinafter defined, by Section 402 hereof.

"Notes Cost of Issuance Account" means the Sewerage System Construction Notes Costs of Issuance Account established in the Project Construction Fund by Section 403 hereof.

"Note Repayment Account" means the Sewerage System Construction Note Repayment Account established by Section 402 hereof.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities (excluding depreciation), and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer 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, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Ordinance" means the Ordinance and all resolutions and ordinances supplemental thereto.

"1963 Ordinance" means the ordinance enacted by the Council of the Issuer on June 29, 1963, authorizing the 1963 Bonds.

"Original Bonds" without any other designation means the Town of Moorefield Sewerage System Improvement Revenue Bonds, Series A, authorized by the Ordinance to be issued in an aggregate principal amount of up to $500,000.

"Original Notes Purchaser" means Young Moore & Company, Inc.

"Outstanding," as of any particular date, describes all Notes theretofore and thereupon being authenticated and delivered except (1) any Notes cancelled by the Trustee at or prior to said date; (2) any Notes for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust under this Indenture and set aside for such payment (whether upon or prior to maturity); (3) any Notes deemed to have been paid, as provided in Article VIII hereof; and (4) for purposes of consents or other actions by a specified percentage of Noteholders, any Notes held by the Issuer.

"Paying Agents" means the Trustee, or such other paying agents selected by the Issuer and approved by the Original Notes Purchaser for payment of the Notes.

"Project" shall have the meaning stated in Section 1.03 (B) of the Ordinance.

"Project Construction Fund" means that fund created pursuant to Section 403 hereof.

"Purchase Agreement" means the contract of purchase to be entered into between the Original Notes Purchaser and the Issuer, to be authorized by the Supplemental Resolution.

"Qualified Investments" means and includes 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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

(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 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; and

(e) 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.

"Recorder" means the Recorder of the Issuer.

"Refunding Notes" means those notes which are issued as provided in Section 306 hereof to pay the principal of the Series 1983

Notes that would otherwise have been paid from the proceeds of the Original Bonds or which shall be issued for the purpose of paying the EPA Retainage Deficiency, or both, to be issued by the Issuer and delivered to the Letter of Credit Bank as a condition precedent to, and as evidence of, a draw by the Trustee under the Letter of Credit.

"Revenue Fund" means that certain fund created pursuant to the 1963 Ordinance and continued pursuant to Section 5.01 of the Ordinance.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, 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 generally accepted accounting principles.

"Surplus Revenues" means the Net Revenues not required by the 1963 Ordinance to be set aside, and held for the payment or security of the 1963 Bonds.

"System" means the Project and all improvements and extensions thereto, and includes the complete sewerage system of the Issuer and all waste water treatment facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Estate" means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

"Trustee" means _____, _____, West Virginia, and any successor trustee hereunder.

"Trust Indenture" or "Indenture" means this Trust Indenture dated as of July 1, 1983, between the Issuer and the Trustee securing the Notes.

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

THE NOTES

Section 201. Authorization and Terms of Notes. The Notes shall be designated "Sewerage System Construction Notes, Series 1983." The Notes shall be in the aggregate principal amount of $_____; shall be dated July 1, 1983; shall bear interest from the date thereof

at the rate of _____ percent (___%) per annum, payable from the funds provided therefor in accordance with Article IV, semiannually on January 1 and July 1 of each year, commencing January 1, 1984; shall mature on January 1, 1986; and shall be subject to redemption prior to maturity in whole but not in part, at any time on or after January 1, 1985, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption, without premium. Notice of any such redemption shall be given by the Trustee by first class United States mail, postage prepaid, to each Noteholder to the address listed on the registration books of the Bond Registrar not less than thirty (30) days prior to the date fixed for redemption.

The Notes shall be issued in registered form only, in the denomination of $5,000 or any integral multiple thereof. Interest shall be payable to the registered owner thereof. The Notes shall be numbered from one (1) upward.

The Notes shall be payable as to both principal and interest, in lawful money of the United States of America, at the principal office of the Trustee or, at the option of the Holder, at the principal office of the Paying Agent, if any such Paying Agent is named by the Issuer and approved by the Original Notes Purchaser; provided, however, payment of the semi-annual interest hereon shall be made by check or draft mailed to each registered owner at his address as it appears on the registration books kept by the Trustee or its designee, acceptable to the Original Notes Purchaser, as Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Trustee.

Section 202. Execution of Notes. The Notes shall be executed for the Issuer by the manual or facsimile signature of the Mayor, and the seal of the Issuer shall be affixed thereto or a facsimile of such seal imprinted thereon and attested by the manual or facsimile signature of the Recorder; provided that one of such signatures must be manual.

The Notes shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and Original Notes Purchaser pursuant to the Ordinance.

Section 203. Authentication. No Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Note, substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall have been duly executed by the Trustee. Any such executed certificate of the Trustee upon any such Note shall be conclusive evidence that such Note has been authenticated and delivered under this Indenture. The Trustee's certificate of authentication on any Note shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes issued hereunder.

Section 204. Form of Notes. The Notes issued under this Indenture shall be substantially in the form set forth in Exhibit A

attached hereto and incorporated herein by reference, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or the Ordinance or deemed necessary by the Trustee and the Issuer.

Section 205. Delivery of Notes. Upon the execution and delivery of this Trust Indenture, the Issuer shall execute and deliver the Notes to the Trustee, and the Trustee shall authenticate the Notes to be issued in the aggregate principal amount of $_____ and, upon receipt of the documents set forth below, shall deliver them to the Original Notes Purchaser as directed by the Issuer and as hereinafter in this Section 205 provided.

Prior to the delivery by the Trustee of any of the Notes, there shall be filed with the Trustee:

(A) A copy, duly certified by the Recorder, of the Ordinance and any supplements thereto authorizing the execution and delivery of this Trust Indenture and the issuance and sale of the Notes;

(B) An original executed counterpart of this Trust Indenture;

(C) The executed Letter of Credit;

(D) Copies, duly certified by the Recorder, of the Grant Agreements;

(E) A signed opinion of nationally recognized bond counsel to the effect that the Issuer has the right and power to authorize, execute, deliver and perform its obligations under this Trust Indenture and the Notes, that the Issuer has taken all steps necessary to authorize the execution, delivery and performance of its obligations under this Trust Indenture, that the issuance of the Notes has been duly authorized and that all conditions precedent to the issuance thereof contained in the Trust Indenture have been fulfilled, that the Trust Indenture creates the valid pledge of the Trust Estate which it purports to create, and, upon the execution, authentication and delivery thereof, the Notes will be duly and validly issued and will constitute valid and binding special obligations of the Issuer entitled to the benefits of this Trust Indenture; and

(F) A request and authorization to the Trustee on behalf of the Issuer, signed by the Mayor, to authenticate and deliver the Notes to the Original Notes Purchaser upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such request and authorization plus interest accrued thereon to the date of delivery, the proceeds of which payment shall be paid over to the Trustee and deposited to the credit of the funds and accounts specified in Article IV hereof.

Section 206. Transfer and Registration of Notes. So long as any of the Notes remains Outstanding, the Trustee or the Trustee's designee, acceptable to the Original Notes Purchaser, shall keep and

maintain books for the registration and transfer of the Notes. The Notes shall be transferable only upon the books of the Issuer which shall be kept for that purpose at the office of the Trustee by the registered owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his or her duly authorized attorney.

In all cases in which the privilege of exchanging Notes or transferring a Note is exercised, Notes shall be delivered in accordance with the provisions of this Indenture. All Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Notes, the Trustee may make a charge sufficient to reimburse its office for any tax, fee or other charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Note upon each exchange or transfer, and any other expenses of said Trustee incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obliged to make any such exchange or transfer of Notes during the ten (10) days preceding an interest payment date on the Notes or, in the case of any proposed redemption of Notes, next preceding the date of the selection of Notes to be redeemed.

Section 207. Notes Mutilated, Destroyed, Stolen or Lost. In case a Note shall become mutilated or be destroyed, stolen or lost, the Trustee may in its discretion authenticate and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note, or in lieu of and substitution for the Note destroyed, stolen or lost, and upon the Holder's complying with such reasonable regulations and conditions as the Trustee may require. The Note so surrendered shall be cancelled and held for the account of the Trustee. If the Note shall have matured or be about to mature, instead of issuing a substitute Note the Trustee may pay the same, and if such Note be destroyed, stolen or lost, without surrender therefor.

Any such duplicate Note issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Note be at any time found by any one, and such Note believed to have been, or which had been, lost, stolen or destroyed shall be cancelled. Such duplicate Notes shall be entitled to equal and proportionate benefits and rights as to lien on and source of security for payment from the Grant Receipts, the net proceeds of the Original Bonds and other moneys, including investment income and unexpended Note proceeds, held in the funds and accounts established by the Indenture, the net proceeds of the Refunding Notes or any other refunding notes or other obligations issued for the purpose of paying the principal of or interest on the Notes and the Surplus Revenues, with all other Notes issued under the Indenture.

ARTICLE III

SECURITY FOR AND COVENANTS REGARDING THE NOTES

Section 301. Payments of the Notes. Subject to the restrictions and limitations on the sources of payment hereinafter set forth, the Issuer covenants that it will promptly pay, or cause to be paid, the principal of and interest on every Note issued under this Indenture at the place, on the dates and in the manner provided herein and in the Notes according to the true intent and meaning thereof. The principal of and interest on the Notes shall be payable from the Grant Receipts, the net proceeds of the Original Bonds and other moneys, including investment income and unexpended Note proceeds, held in the funds and accounts established by Article IV hereof and, to the extent not so paid, shall also be payable from the net proceeds of the Refunding Notes or any other refunding notes or other obligations issued for such purpose and the Surplus Revenues, if any, derived from the operation of the System. The Notes are special obligations of the Issuer, payable solely from said sources described above, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit not the taxing power, of the Issuer is pledged, for the payment of the Notes. Neither the Trustee nor the Holders of the Notes shall ever have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except the Grant Receipts, the net proceeds of the Original Bonds, Surplus Revenues and other funds pledged therefor by this Indenture.

Notwithstanding anything in this Indenture to the contrary, the Issuer shall not be required to advance any money derived from any source of income other than the Grant Receipts, the net proceeds of the Original Bonds, Surplus Revenues and other funds pledged by this Indenture for the payment of the principal of or interest on the Notes or for the performance of any of its duties under this Indenture. The Issuer may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the Issuer for such purpose without incurring indebtedness.

Section 302. Representations and Warranties of Issuer. The Issuer makes the following representations and warranties:

1. The Issuer is a body corporate and a municipal corporation of the State of West Virginia and is duly authorized by the laws of said State to acquire, construct and finance the Project.

2. All conditions, acts and things, including governmental approvals, required by the laws of said State to exist, to happen and to be performed precedent to the undertakings of the Issuer to acquire, construct and finance the Project have happened and have been performed in regular and due time, form and manner.

3. The Issuer has applied for and has obtained from the West Virginia Water Development Authority (the "Authority") a letter of intent expressing the Authority's intention to purchase the Original Bonds (the "Authority Letter of Intent").

4. The Issuer has applied for and has obtained commitments to grant funds to the Issuer to finance the Project from EPA and HUD in the amounts of $1,634,700 and $750,000, respectively.

5. The Issuer has employed the engineering firm of Kelley, Gidley, Blair & Wolfe, Inc., to prepare plans and specifications for the Project, to supervise the letting of construction contracts therefor and to supervise the construction of the Project. The estimated cost of construction of the Project is $2,110,902.

6. The consummation of the transactions hereby contemplated will not result in any breach of, or constitute a default under, any rules of procedure of the Issuer or other instrument to which the Issuer is a party or by which it may be bound or affected.

7. There are no actions, suits, or proceedings pending, or, to the knowledge of the Issuer, threatened against or affecting the Issuer or the Project, or involving the validity or enforceability of the Notes, Original Bonds, Grants or this Indenture, at law or in equity, or before or by any governmental authority.

Section 303. Covenants of Issuer. The Issuer hereby covenants and agrees with the Trustee as follows:

1. To permit no default by the Issuer under the terms of the Authority Letter of Intent and the Grant Agreements.

2. To comply in all respects with the terms, conditions and provisions of all Grant Agreements and with all applicable state and federal laws and regulations governing the implementation of any Grant Agreement.

3. To pay all reasonable expenses of the Trustee with respect to its exercise of its duties and functions hereunder including, but not limited to, legal fees of its counsel.

4. To diligently pursue the construction of the Project to completion, and to take such steps as may be necessary to complete the construction of the Project in full compliance with all terms and conditions of the Authority Letter of Intent and Grant Agreements.

5. To require all contractors doing work on the Project to put into effect and thereafter maintain all indemnity bonds and insurance required by the contract documents and if at any time prior to the payment in full of the Notes any such indemnity bonds or insurance policy shall cease to be in force and effect, to replace the same with a like indemnity bonds or insurance policy.

6. To neither cause nor permit any application to be made of the proceeds of the Notes or of any moneys held in the Note Repayment Account, the Project Construction Fund or the Grant Receipts Fund except as provided in the Trust Indenture.

7. To impose and collect rates and charges for the use and services of the System in accordance with the requirements of any Grant Agreement, the 1963 Ordinance and the Ordinance.

8. To take all actions necessary to enforce any Grant Agreement and to preserve its right to receive payments or reimbursements under the Grant Agreements.

9. To continue promptly to request any payment or reimbursement to which it has become entitled under the Grant Agreements.

10. Except as provided in Section 402 hereof, to promptly pay over to the Trustee all Grant Receipts for deposit in the appropriate account in the Grant Receipts Fund.

11. To neither unilaterally terminate, nor enter into any agreement to terminate, any Grant Agreement.

12. Except for that already created on behalf of the 1963 Bonds, to not create, assume or suffer to be created any judgment, mortgage or deed of trust, pledge or other lien, encumbrance or charge on the gross revenues or the Net Revenues, or on any property or assets, real or personal, of the System, prior to or on a parity with the lien created on behalf of the Notes originally issued hereunder.

13. To take such steps as may be required to effect the issuance of the Original Bonds or Refunding Notes on an occasion that will make possible the use of the proceeds thereof for the partial payment of the Notes upon their maturity.

14. In the event that any Grant is not fully disbursed, to take such steps as may be required to effect the issuance of the Refunding Notes or to make such other borrowings as will make possible the use of the proceeds thereof for the partial payment of the Notes upon their maturity.

15. To deposit with the Trustee all sums received by the Issuer from the Grants, net proceeds of the Original Bonds, and net proceeds of any Refunding Notes issued to provide for the payment of Notes in accordance with the provisions of this Indenture in the appropriate fund established by this Indenture.

16. To take all actions necessary to maintain the Letter of Credit in full force and effect, and if required by Section 307 hereof, to issue the Refunding Notes, the net proceeds of the sale of which shall be applied to the payment of the maturing Notes originally issued hereunder.

Section 304. Required Notices to Trustee. The Issuer will give to the Trustee prompt written notice, appropriately documented, of any change in the status of the Grants and of any authorization of additional indebtedness, including the Original Bonds and the Refunding Notes, of the Issuer, and particularly of any of the following events:

(A) Any modification of a Grant;

(B) The suspension of any Grant, or the issuance of any stop-work order;

(C) The lifting or cancellation of the suspension of any Grant or the issuance of any stop-work order;

(D) The termination of any Grant;

(E) The annulment of any Grant; and

(F) The proposed issuance of the Original Bonds, Refunding Notes or any other refunding notes.

The Trustee shall promptly forward a copy of any such notice received to any Holder of a Note or Notes at the address listed in the registration books.

Section 305. Restrictions on Other Debt. So long as any of the Notes originally issued hereunder are outstanding, the Issuer further agrees that it will not issue any bonds, notes or other evidences of indebtedness with a lien on or otherwise payable from any source of payment pledged for such Notes prior to or on a parity with the lien on behalf of such Notes.

Section 306. Refunding Notes. In the event that on or prior to the 60th day next preceding the maturity date of the Notes, the Authority and the Issuer have not entered into a binding agreement for the purchase of the Original Bonds by the Authority on or prior to the 30th day next preceding the maturity date of the Notes, the Issuer covenants and agrees to issue and sell its Original Bonds to another original purchaser in an amount, the net proceeds of which shall at least equal the Local Share.

In the event there are not funds in the Note Repayment Account, including the Notes Capitalized Interest Account therein, on the 30th day next preceding the maturity date of the Notes originally issued hereunder, sufficient to pay, at maturity, the entire principal of and interest on said Notes and such deficiency in the Note Repayment Account is due in whole or in part (i) to the EPA Retainage or (ii) to the Issuer's failure to issue and sell the Original Bonds as prescribed above or (iii) both, the Trustee shall draw upon the Letter of Credit. To evidence such draw, the Issuer shall issue its Refunding Notes, in a principal amount, not to exceed $_____, the net proceeds of which shall equal: (i) if the deficiency is due in whole or in part to the EPA Retainage, the EPA Retainage Deficiency; (ii) if the deficiency is due in whole or in part to the failure to issue the Original Bonds, the

Local Share; and (iii) if the deficiency is due in whole or in part to both (i) and (ii) above, the aggregate of the EPA Retainage Deficiency and the Local Share, but not more than $_____, less the costs of issuing the Refunding Notes. The Trustee shall give the certification required by the Letter of Credit, and the Trustee and the Issuer shall take all other actions necessary to receive the proceeds of a draw under the Letter of Credit in the amount described above, so that the proceeds of such draw will be available for application to the principal of and interest on said Notes as the maturity thereof.

In the event any deficiency in the Note Repayment Account (i) is due in whole or in part to any reason other than the EPA Retainage, the failure to issue Original Bonds or both or (ii) exceeds $_____, less the costs of issuing the Refunding Notes, or (iii) both, the Issuer covenants and agrees to issue and sell refunding notes or other obligations in an amount sufficient, together with the funds then on deposit in the Note Repayment Account, to pay the principal of and interest on the Notes at the maturity thereof.

All Refunding Notes shall be in substantially the same form as the Notes originally issued hereunder, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental indenture authorizing such Refunding Notes. Except for details thereof inconsistent herewith and as otherwise provided by an indenture supplemental hereto, the Refunding Notes and such refunding notes or other obligations shall be subject to the terms and restrictions and secured, on a subordinate basis to the Notes originally issued hereunder, by the covenants and in the manner set forth herein for the Notes originally issued hereunder; provided, that the Refunding Notes and such refunding notes or other obligations shall not be secured by or payable from the net proceeds of the Refunding Notes and that Refunding Notes issued to fund a deficiency in the Note Repayment Account due solely to the EPA Retainage shall not be secured by or payable from the net proceeds of the Original Bonds, and Refunding Notes issued to fund such deficiency due solely to the failure to issue the Original Bonds shall not be secured by or payable from the EPA Grant Receipts. Except as otherwise provided herein, such refunding notes or other obligations shall be offered for sale upon reasonable and customary terms and conditions.

The proceeds of the Original Bonds, regardless of the original purchaser thereof (and except as otherwise provided by the Ordinance), of the Refunding Notes or of any refunding notes or other obligations, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Notes Repayment Account and used solely for the payment of the principal of and accrued interest on the Notes.

ARTICLE IV

USE AND DISPOSITION OF PROCEEDS OF NOTES

Section 401. Establishment of Funds and Accounts. Pursuant to this Article IV, the following special funds or accounts are created with, and shall be held by, the Trustee:

(1) Project Construction Fund;

(a) Within the Project Construction Fund:

(i) Cost of Issuance Account,

(ii) Eligible Costs Account, and

(iii) Ineligible Costs Account;

(2) Note Repayment Account;

(a) Within the Note Repayment Account:

(i) Notes Capitalized Interest Account; and

(3) Grant Receipts Fund;

(a) Within the Grant Receipts Fund:

(i) EPA Grant Receipts Account, and

(ii) HUD Grant Receipts Account.

Section 402. Note Repayment Account. There shall be established a special trust fund to be designated as the Note Repayment Account. Within this fund shall be a separate account, known as the Notes Capitalized Interest Account, which shall be funded and used as described below. All moneys in the Note Repayment Account, until payment in full of all principal and interest owing on the Notes at their maturity, shall be held in trust for the Holders of the Notes, and the Issuer shall have no rights with respect thereto except with respect to the transfers and deposits specified below and to receive the balance therein after payment of the Notes and the interest thereon and the charges, if any, of the Trustee and the Paying Agents.

There shall be deposited in the Notes Capitalized Interest Account from the proceeds of the Notes, the amount provided in Section 407 hereof, composed of the accrued interest received by the Issuer, if any, upon delivery of the Notes, plus such further sum as shall be required, together with amounts to be transferred from the Grant Receipts Fund and the Project Construction Fund, as hereinafter provided, to pay in full all interest to become due upon the maturity of the Notes. Such amount in the Notes Capitalized Interest Account shall be segregated from all other deposits and funds of the Trustee or the

Issuer, and shall be promptly invested in accordance with Article V hereof. At or prior to any interest payment date, as shall be reasonably requested by the Paying Agents, the Trustee shall transfer from the Notes Capitalized Interest Account to the Paying Agents in immediately available funds the amount of interest on the Notes then owing. In the event the funds on deposit in the Notes Capitalized Interest Account are insufficient to pay any interest on the Notes coming due, the Trustee shall transfer funds, first, from the remainder of the Note Repayment Account, next, from the Grant Receipts Fund, and then from the Project Construction Fund to make up such deficiency. After payment of all interest owing on the Notes, any excess in the Notes Capitalized Interest Account shall be transferred to the remainder of the Note Repayment Account and used to pay the principal of the Notes.

Forty-five (45) days prior to the maturity of the Notes, the Trustee shall transfer from the Grant Receipts Fund to the Note Repayment Account an amount equal to the principal and interest on the Notes maturing, less (i) the funds already on deposit in the Note Repayment Account, including the Notes Capitalization Interest Account therein, and (ii) if such amounts already on deposit do not include the net proceeds of the Original Bonds, an amount equal to the Local Share (the "Required Transfer"). If the amount transferred is less than the Required Transfer, any Grant Receipts thereafter received shall be deposited directly into the Note Repayment Account until the Required Transfer is met.

At or prior to the date for payment of the principal of the Notes, as shall be reasonably requested by the Paying Agents, the Trustee shall transfer to the Paying Agents in immediately available funds the total principal of the Notes then maturing.

If there are not sufficient funds in the Note Repayment Account to pay the principal of or interest on the Notes on the 20th day prior to the maturity or any interest payment date thereof, and all payments from the Revenue Fund created under the 1963 Ordinance and continued under the Ordinance for operating expenses and on account of the 1963 Bonds are current, any amounts remaining in the Revenue Fund (to the extent of such deficiency) shall be transferred immediately by the Issuer to the Trustee and deposited in the Note Repayment Account, all as required by the Ordinance.

Amounts held in the Note Repayment Account shall be applied to the payment of principal of and interest on the Notes and used for no other purpose. Pending such application, moneys in the Note Repayment Account shall be invested and reinvested in accordance with Article V hereof.

Section 403. Project Construction Fund. There shall be established a special trust fund to be designated as the Project Construction Fund. The Notes Cost of Issuance Account, the Eligible Costs Account and the Ineligible Costs Account shall each be segregated, one from the other, within the Project Construction Fund.

The Notes Cost of Issuance Account shall be used only for the payment of the expenses of issuing the Notes. After payment of all such expenses, as certified to the Trustee by an Authorized Officer, the Trustee shall close such account, and any balance remaining therein shall be transferred to the Ineligible Costs Account.

The Trustee shall disburse no moneys from the Project Construction Fund except to pay Costs of the Project (as defined in Section 404 hereof) as provided below, or to pay the principal of or interest on the Notes when due. Disbursements from the Project Construction Fund, except from the Notes Cost of Issuance Account therein, shall be made only after submission to the Trustee of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) The account (either the Eligible Costs Account or the Ineligible Costs Account) from which such disbursement is requested;

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

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

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

(E) That payment for each of the items proposed is then due and owing; and

(F) With respect to a proposed payment from the Eligible Costs Account, that each of such costs is an Eligible Cost of the Project.

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

Pending such application, moneys in the Project Construction Fund, including each of the Accounts therein, shall be invested and reinvested in accordance with Article V hereof. All income received from such investments shall be added to and become a part of the Project Construction Fund. Earnings on the Qualified Investments in the

Eligible Costs Account shall be transferred periodically by the Trustee from the Eligible Costs Account to the Ineligible Costs Account.

Whenever the Trustee shall have received notice pursuant to Section 304 hereof that any Grant has been suspended or a stop-work order has been issued, the Trustee shall not make further disbursements from the Project Construction Fund until it shall have received notice of the lifting of such suspension or stop-work order in accordance with such section. If the Trustee shall have received notice pursuant to said Section 304 that any Grant has been terminated or annulled, the Trustee shall not make any further disbursements from the Project Construction Fund, and it shall immediately transfer all moneys remaining in said fund to the Note Repayment Account. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or withdrawn is a Grant other than the EPA Grant or the HUD Grant, and the Issuer files with the Trustee a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed and the Notes paid in full without such other Grant, the Trustee shall continue to make disbursements from the Project Construction Fund.

Five (5) days prior to the maturity of the Notes or five (5) days prior to any interest payment thereon, to the extent that sufficient moneys are not available in the Note Repayment Account, including the Notes Capitalized Interest Account therein, to pay the principal of or interest on the Notes, or both, as the same shall become due, the Trustee shall transfer moneys in the Project Construction Fund to the Note Repayment Account and apply such transferred moneys to such payment. The Trustee shall make any such transfer, first, from the Eligible Costs Account and, then, from the Ineligible Costs Account in the Project Construction Fund. Except with respect to such transfers from the Project Construction Fund for payment of the principal of or interest on the Notes as the same become due, the Eligible Costs Account shall be applied solely to the payment of Eligible Costs of the Project, and the Ineligible Costs Account shall be applied solely to the payment of Costs of the Project, which may include Eligible Costs of the Project; and, pending such applications, such accounts shall be held as trust funds under this Trust Indenture in favor of the Holders of the Notes until paid out or transferred as provided in this Section 403.

After completion of the Project, as certified by the Consulting Engineers, the Trustee shall transfer any moneys remaining in the Project Construction Fund to the Note Repayment Account and hold such transferred moneys for the retirement of the Notes. If no Notes are then Outstanding, moneys remaining in the Project Construction Fund may be withdrawn by the Issuer to be used for any lawful purpose of the System.

Section 404. Costs of the Project Defined. For the purposes of Section 403 hereof Costs of the Project shall include:

(a) Obligations incurred for labor (including payroll costs of Issuer employees according to time spent by such employees on the Project) and to contractors, builders and materialmen in connection with

the acquisition, construction and installation of the Project including obligations for machinery, materials and equipment;

(b) Land, and interests in land, required specifically for the Project and site improvements required for the construction or operation of the Project;

(c) The cost of any indemnity and surety bonds deemed necessary by, or required of, the Issuer, and the premiums for insurance, if any, in connection with the Project during the construction period, and until all Notes have been fully paid and discharged;

(d) Fees and expenses of engineers for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the performance of all other duties of engineers in relation to the Project or the financing thereof;

(e) Fees and charges of consultants in connection with the Project;

(f) Any other obligation or expense heretofore or hereafter incurred by the Issuer in connection with the Project constituting a proper Project cost approved by the Issuer and the Consulting Engineers;

(g) Filing fees, legal expenses and fees, fiscal consultant fees and expenses, underwriting fees and expenses, cost of audits and printing in connection with the issuing of the Notes and fees of the Trustee incident to this Indenture and of the Letter of Credit Bank;

(h) Interest becoming due on the Notes prior to, during and for six (6) months after the estimated date of completion of construction of the Prject; and

(i) Payments for the expenses incurred in issuing the Notes and the Bonds, and the expenses, if any, in meeting with requirements of the Grant Commitments and the Authority Letter of Intent.

Section 405. Grant Receipts Fund. All EPA Grant Receipts received by the Issuer prior to the maturity of the Notes shall be promptly paid to the Trustee for deposit in the EPA Grant Receipts Account in the Grant Receipts Fund and applied to the payment of the principal of and interest on the Notes, as provided in Section 402 hereof, or to the payment of Eligible Costs of the Project, as provided in this section. All HUD Grant Receipts received by the Issuer prior to the maturity of the Notes shall be promptly paid to the Trustee for deposit in the HUD Grant Receipts Account in the Grant Receipts Fund and applied to the payment of the principal of and interest on the Notes as provided in Section 402 hereof, or to the payment of Costs of the Project, as provided in this Section. Disbursements from the Grant Receipts Fund to pay the principal of or interest on the Notes, or both, as provided for in said Section 402, shall be made, first, from the EPA Grant Receipts Account and, then, from the HUD Grant Receipts Account.

Pending such application, moneys in the Grant Receipts Fund shall be invested and reinvested in accordance with Article V hereof.

Prior to the payment of the Notes in full, the Trustee shall transfer moneys from the EPA Grant Receipts Account to the Eligible Costs Account, for application to the Eligible Costs of the Project, or from the HUD Grant Receipts Account to the Ineligible Costs Account for application to the Costs of the Project, or both, upon receipt by the Trustee of a certificate, signed by an Authorized Officer and the Consulting Engineers and dated not more than ten (10) days prior to the requested date of transfer, requesting and designating by account such transfer and setting forth the Anticipated Grant Receipts as of the date of said certificate, but only after a written determination by the Trustee that, after such transfer, there shall remain in the Note Repayment Account, including the Notes Capitalized Interest Account therein, and in the Grant Receipts Fund, collectively, moneys or Qualified Investments in an amount sufficient, together with the Local Share and together with ninety percent (90%) of the Anticipated Grant Receipts, as stated in said certificate of an Authorized Officer and the Consulting Engineers, to pay the interest on all Outstanding Notes as the same comes due and the principal of all Outstanding Notes at their maturity.

Any moneys remaining in the Grant Receipts Fund after the payment of the Notes in full shall be applied to costs of completion of the Project, or, if the Project is then complete, as certified by the Consulting Engineers, may be withdrawn by the Issuer and used for any lawful purpose of the System.

Any and all Grant Receipts other than the EPA Grant Receipts and the HUD Grant Receipts received by the Issuer prior to the maturity of the Notes shall be deposited in the HUD Grant Receipts Account and, except as otherwise expressly provided herein, applied in the same manner as the HUD Grant Receipts.

Section 407. Application of Note Proceeds. From the moneys received from the sale of the Notes originally issued hereunder, the Trustee shall make the following deposits:

A. The sum of $_____, which, together with accrued interest also deposited, with the earnings thereon and moneys transferred from the Grant Receipts Fund and the Project Construction Fund as hereinabove provided, is estimated to be at least sufficient to pay interest on the Notes until the scheduled maturity thereof, shall be deposited in the Notes Capitalized Interest Account; provided, that interest shall not be paid from the proceeds of the Notes after six (6) months after completion of construction of the Project. There shall also be deposited in the Notes Capitalized Interest Account any amount received on account of interest accrued on the Notes from the date thereof to the date of delivery to the Original Notes Purchaser.

B. The sum of $_____, which is estimated to be the amount necessary to pay the costs of issuance of the Notes and related costs, shall be deposited in the Notes Cost of Issuance Account.

C. An amount equal to the Local Share, less the amount deposited into the Notes Cost of Issuance Account, shall be deposited in the Ineligible Costs Account.

D. The remaining moneys derived from the sale of the Notes shall be deposited in the Eligible Costs Account.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE

Section 501. Investments. The Trustee shall invest and reinvest any moneys held as a part of the funds and accounts created by this Indenture at the direction of the Issuer in any Qualified Investments to the fullest extent possible under the applicable laws, this Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

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

The following specific provisions shall apply with respect to any investments made under this section:

A. Qualified Investments may be purchased for the Note Repayment Account, including the Notes Capitalized Interest Account therein, or the Grant Receipts Fund either in the open market or from the Project Construction Fund. If so purchased from the Project Construction Fund, such Qualified Investments shall be purchased at a price equal to their original purchase price plus accrued interest.

B. Qualified Investments acquired for the Notes Capitalized Interest Account shall have maturities or be subject to redemption at the option of the holder at least one day prior to the need for the funds by the Trustee for transfer to the Paying Agents.

C. Earnings on the Qualified Investments in the Eligible Costs Account shall be transferred periodically by the Trustee from the Eligible Costs Account to the Ineligible Costs Account.

D. Earnings on the Qualified Investments in the EPA Grant Receipts Account shall be transferred periodically by the Trustee from the EPA Grant Receipts Account to the HUD Grant Receipts Account.

Section 502. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Trustee, that it shall not permit at any time or times any of the proceeds of the Notes or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Note to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and the Authorized Officer shall deliver his certificate, based upon this covenant, with regard thereto the Original Notes Purchaser.

ARTICLE VI

EVENTS OF DEFAULT; REMEDIES

Section 601. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(a) Payment of the principal of any of the Notes shall not be made as and when the same shall become due and payable; or

(b) Payment of any installment of interest on any of the Notes shall not be made as and when the same becomes due and payable; or

(c) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver, or receivers, of the Issuer, or of any of the revenues to be derived from the System, or any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting any composition between the Issuer and any of its creditors pursuant to any Federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty days after the entry thereof, or if such proceedings, having been instituted without the consent or acquiescence of the Issuer, shall not be withdrawn or any orders entered shall not be withdrawn, vacated, discharged or stayed on appeal, within sixty days after the institution of such proceedings, or the entry of such orders; or

(d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Notes, in this Indenture, or in the Ordinance, other than (a) and (b) above, and such default shall continue for thirty days after written notice, specifying such

default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee; the Trustee may give such notice in its discretion and, subject to the provisions of 703 hereof, shall give such notice at the written request of the Holders of not less than ten percent (10%) in aggregate principal amount of the Notes then Outstanding.

The Trustee shall, within sixty (60) days of giving notice of default as provided by Subsection (d) of this section or within sixty (60) days of such Event of Default pursuant to Subsections (a), (b) or (c) hereof, mail by first class United States mail, postage prepaid, a copy of such written notice of default or notice of such Event of Default to each Noteholder at the address listed on the registration books of the Trustee.

Section 602. Enforcement by Trustee. Upon the occurrence of an event of default the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in aggregate principal amount of Notes then Outstanding shall, upon being satisfactorily indemnified as provided in Section 703 hereof, exercise in its own name any or all of the powers of the Noteholders under Section 607 and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Noteholders, including the right to require the Issuer to perform its duties under the Act and this Indenture;

(C) Bring suit upon the Notes;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Noteholders.

(E) By action or bill in equity enjoin any acts in violation of this Indenture or the rights of the Noteholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Noteholders hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescense therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 603. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the

Trustee and the Noteholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate pending such proceedings, with such powers as the court making such appointment shall confer.

Section 604. Waiver Does Not Impair Remedies. No waiver of any default or event of default hereunder, whether by the Trustee or by the Noteholders shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 605. Direction by Noteholders. Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Notes then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 606. Possession of Notes by Trustee Not Required. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any holders of the Notes, and any recovery of judgment shall be for the equal benefit of the holders of the Outstanding Notes.

Section 607. Enforcement by Noteholders. No Holder of any Note shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified, nor unless also such default shall have become an event of default and the holders of at least twenty-five percent in aggregate principal amount of Notes then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its, his or their own name or names; and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the appointment of a receiver or for any

other remedy hereunder; it being understood and intended that no one or more Holders of the Notes shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Notes then Outstanding. Nothing in this Indenture contained shall, however, affect or impair the right of any Noteholder to enforce the payment of the principal of and interest on any Note at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Notes issued hereunder to the respective Holders thereof at the time, place, from the sources and in the manner in said Notes expressed.

Section 608. Restoration of Issuer and Trustee. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder and all rights and remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 609. Waiver of Event of Default. The Trustee shall waive any event of default hereunder and its consequences upon the written request of the Holders of a majority in aggregate principal amount of all Notes then Outstanding; provided, however, that there shall not be waived any default in the payment of (i) the principal of any outstanding Note at the stated maturity, or (ii) any interest when due on any Note.

Section 610. Notice of Default. No default under Section 601(e) hereof shall constitute an event of default until actual notice of such default by registered or certified mail shall be given by the Trustee or by the holders of not less than twenty-five percent of the aggregate principal amount of Notes then outstanding to the Issuer and the Issuer shall have had thirty days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if said default be such that it cannot be corrected within the applicable period, it shall not constitute an event of default if corrective action is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected.

Section 611. Bankruptcy or Reorganization of Issuer. In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Issuer under the National Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Issuer, or in case any other judicial proceedings relative to the Issuer, or to the creditors or property of the Issuer, the Trustee, irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or otherwise and irrespective of whether the Trustee shall have made any demand

pursuant to the power vested in it by this Indenture, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid, and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the Noteholders allowed in such judicial proceedings relative to the Issuer or to the creditors or property of the Issuer, or any such other obligor, as the case may be, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the Noteholders and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Noteholders to make payments to the Trustee and, in the event that the Trustee shall consent to the making of payments directly to the Noteholders, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith.

ARTICLE VII

CONCERNING THE FIDUCIARIES

Section 701. Trustee; Appointment and Acceptance of Duties. The Trustee is hereby appointed and hereby accepts the duties and trusts imposed upon it by this Trust Indenture and by the Ordinance of the Issuer and agrees to perform said duties and trusts, and to enforce the covenants of the Issuer herein set forth, but only upon the terms and conditions set forth in this Article VII.

Section 702. Paying Agents; Appointment.

(a) The Issuer hereby appoints the Trustee as Paying Agent, and may at any time, with the Original Notes Purchaser's approval, appoint one or more other Paying Agents having the qualifications set forth in Section 709 as an additional or successor Paying Agent.

(b) Unless otherwise provided, the principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the interest on and principal of the Notes.

Section 703. Responsibilities of Fiduciaries.

(a) The recitals of fact herein and in the Notes contained shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Trust

Indenture or of any Notes or as to the security afforded by this Indenture, and no Fiduciary shall incur any liability in respect thereof. Notwithstanding the foregoing, the Trustee shall be responsible for any representations in its certificate of authentication on the Notes. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to the Issuer or to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof or to advance any of its own moneys, unless properly indemnified to its satisfaction. Subject to the provisions of subsection (b) hereof, no Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (which has not been cured) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 703.

Section 704. Evidence on Which Fiduciaries May Act.

(a) Each Fiduciary, upon receipt of any notice, ordinance, request, consent order, certificate, report, opinion, note, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Indenture in good faith and in accordance therewith.

(b) Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer which shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof; but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

(c) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any

Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer of the Issuer.

Section 705. Compensation. The Issuer shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture and each Fiduciary shall have a lien therefor on any and all funds at any time held by it under this Indenture. Subject to the provisions of Section 703 hereof, the Issuer further agrees to indemnify and save each Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder and which are not due to its negligence or willful misconduct.

Section 706. Certain Permitted Acts. Any Fiduciary may become the owner of any Notes, with the same rights it would have if it were not a Fiduciary.

Section 707. Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than 60 days written notice to the Issuer, and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in an Authorized Newspaper and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed by the Issuer or the Holders of Notes as provided in Section 709 hereof, in which event such resignation shall take effect immediately on the appointment of such successor. In no event, however, shall such a resignation take effect until a successor Trustee (or temporary Trustee) has been appointed pursuant to Section 709 hereof.

Section 708. Removal of Trustee. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Issuer and the Trustee, and signed by the Holders of Notes representing a majority in principal amount of the Notes then Outstanding or their attorneys in fact duly authorized, excluding any Notes held by or for the account of the Issuer.

Section 709. Appointment of Successor Trustee by the Holders of Notes; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the owners of a majority in aggregate principal amount of Notes then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of vacancy the Issuer by an act or document executed and signed by the Issuer may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by such Holders of Notes in the manner above provided; and

any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Holders of Notes. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or said State having capital assets of not less than $_____ if there be such an institution willing, qualified and able to accept the trust upon reasonable and customary terms.

(b) If in a proper case no appointment of a successor Trustee shall be made by the Issuer or the Holders of Notes pursuant to the foregoing provisions of this Section within 45 days after any Trustee shall have given to the Issuer written notice as provided in Section 707 hereof or after a vacancy in the office of the Trustee shall have occurred by reason of its removal or inability to act, the former Trustee or any Holder of Notes may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Section 710. Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deed, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify the Paying Agents of its appointment as Trustee.

Section 711. Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of said state or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such

Fiduciary without the execution or filing of any paper or the performance of any further act.

Section 712. Adoption of Authentication. In case any of the Notes shall have been authenticated but not delivered, any successor Trustee may adopt a certificate of authentication executed by any predecessor Trustee and deliver such Notes so authenticated, and, in case any Notes shall have been prepared but not authenticated, any successor Trustee may authenticate such Notes in the name of the predecessor Trustee or in its own name.

Section 713. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) Any Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days written notice to the Issuer, the Trustee, and the other Paying Agents, if any. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the Issuer with the approval of the Trustee and shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, having stockholders' equity aggregating at least $_____, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(b) In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of any Paying Agent, the Trustee shall act for such Paying Agent.

(c) Notice of the appointment of a successor Paying Agent shall, within sixty (60) days of such appointment, be given to each Noteholder by first class United States mail, postage prepaid, at the address listed on the registration books of the Trustee.

Section 714. Acceptance by Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint, with the Original Notes Purchaser's approval, as successor Paying Agent any bank, trust company or national banking association. The Issuer shall pay to each Paying Agent from time to time reasonable compensation for all services rendered hereunder and all reasonable expenses, charges, counsel fees, and other disbursements incurred in connection with the performance of its obligations hereunder.

ARTICLE VIII

PAYMENT, DEFEASANCE AND RELEASE

Section 801. Payment and Discharge of Trust Indenture. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then this Indenture and the pledges of Grant Receipts, net proceeds of the Original Bonds and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Notes made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

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

ARTICLE IX

SUPPLEMENTAL INDENTURES

Section 901. Supplemental Indentures Not Requiring Consent of Noteholders. The Issuer and the Trustee may without the consent of, or notice to, any of the Noteholders enter into an indenture or indentures supplemental to this Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To specify, determine or authorize any matters and things concerning the Notes or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(B) To authorize a series of refunding notes or other obligations, including the Refunding Notes, and to specify, determine or authorize any matters and things concerning any such refunding notes or other obligations or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(C) To impose additional covenants or agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture;

(D) To impose other limitations or restrictions upon the Issuer;

(E) To surrender any right, power or privilege reserved to or conferred upon the Issuer by this Indenture;

(F) To confirm, as further assurance, any pledge of or lien upon the Grant Receipts, the net proceeds of the Original Bonds or any other moneys, securities or funds;

(G) To cure any ambiguity, omission or defect in this Indenture;

(H) To modify or amend any of the terms of provisions of this Indenture if no Notes are Outstanding at the time of such modification or amendment; and

(I) To modify or amend any of the terms or provisions of this Indenture, provided that such modification by its terms shall not take effect until all Notes Outstanding on the date of adoption of such modification or amendment shall have ceased to be Outstanding.

Section 902. Amendment by Consent of Holders. Except for the supplemental indentures allowed under Section 901 hereof, this Indenture or any indenture supplemental hereto and the rights and obligations of the Issuer, the Trustee and the Noteholders may be modified or amended only with the written consents of the Holders of sixty percent (60%) in aggregate principal amount of the Notes then Outstanding, which must be filed with the Trustee before any such modification or amendment may

become effective. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Note without the express written consent of the Holder or such Note, nor reduce the percentage of Notes required for consent to any such modification or amendment.

ARTICLE X

MISCELLANEOUS

Section 1001. Failure to Present Notes. Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Notes which remain unclaimed for such period of time, after the date when such Notes have become due and payable, that the holder thereof shall no longer be able to enforce the payment thereof, the Fiduciary shall at the written request of the Issuer pay such money to the Issuer as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged with respect thereto and the holders of the Notes shall look only to the Issuer for the payment of such Notes; provided, however, that before being required to make any such payment to the Issuer, the Fiduciary shall, at the expense of the Issuer, cause to be published at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, a notice that such 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 first publication of such notice, the balance of such moneys then unclaimed will be returned to the Issuer.

Section 1002. Evidence of Signatures of Holders of Notes and Ownership of Notes.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Holders of the Notes may be in one or more instruments of similar tenor, and shall be signed or executed by such Holders of Notes in person or by their attorneys appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or the holding by any person of Notes, shall be sufficient for any purpose of this Indenture if made in the following manner, or in any other manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(i) The fact and date of the execution by any Holder of Notes or his attorney of such instruments may be proved by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an

officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(ii) The amount of Notes held by a person executing any instrument as a Noteholder, the date of his holding such Notes, and the numbers and other identification thereof, shall be confirmed by the registration books held by the Bond Registrar.

(b) Any request or consent by the owner of any Note shall bind all future owners of such Note in respect of anything done or suffered to be done by the Issuer or any Fiduciary in accordance therewith.

Section 1003. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Issuer, the Fiduciaries and the Noteholders any right, remedy or claim under or by reason of this Indenture or covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Fiduciaries and the Noteholders.

Section 1004. No Recourse. No recourse shall be had for the payment of the principal of or interest on the Notes or for any claim based thereon or on this Indenture against any officer of the Issuer or any person executing the Notes.

Section 1005. Suspension of Publication. If, because of the temporary or permanent suspension of the publication or general circulation of any financial paper in which publication of a notice pursuant to this Indenture is authorized, or for any other reason, it is impossible or impractical to publish any notice pursuant to this Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 1006. Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Issuer or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this Indenture.

Section 1007. Successors. Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any agency of the State, which may succeed to the principal functions and powers of the Issuer, and all the covenants and agreements contained in this Indenture or by or on behalf of the Issuer shall bind and inure to the benefit of said successor whether so expressed or not.

Section 1008. Notices, Demands and Requests. All notices, demands and requests to be given or made hereunder to or by the Issuer or the Trustee shall be in writing and shall be properly made if sent by United States Mail, postage prepaid, and addressed as follows:

(a) Town of Moorefield, West Virginia
Moorefield, West Virginia 26836

(b)

Either the Issuer of the Trustee may change the address listed for it above at any time upon written notice of change sent by United States Mail, postage prepaid, to the Issuer or the Trustee, as the case may be.

Section 1009. Applicable Law. This Indenture shall be governed exclusively by the applicable laws of the State of West Virginia.

Section 1010. Table of Contents And Section Headings Not Controlling. The Table of Contents and the headings of the several Articles and Sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 1011. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, TOWN OF MOOREFIELD, WEST VIRGINIA has caused these presents to be signed in its name and behalf by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder and, to evidence its acceptance of the trusts hereby created, _____ has caused these presents to be signed in its name and behalf by one of its Officers, its official seal to be hereunto affixed, and the same to be attested by one of its Assistant Officers, all as of the day and year first hereinabove written.

The beneficiary hereof at the time of delivery hereof is Young Moore & Company, Inc., of Charleston, West Virginia, as original purchaser of the Notes.

TOWN OF MOOREFIELD, WEST VIRGINIA

[SEAL]

By _____
Mayor

ATTEST:

_____
Recorder

_____
Trustee

[SEAL]

By _____

Its _____

ATTEST:

By _____

Its _____

STATE OF WEST VIRGINIA,
COUNTY OF HARDY, TO-WIT:

I, _____, a Notary Public of said county, do certify that _____, who signed the writing hereto annexed, bearing date the _____ day of _____, 1983, for TOWN OF MOOREFIELD, WEST VIRGINIA, a body corporate and a municipal corporation of the State of West Virginia, has this day in my said county, before me, acknowledged the said writing to be the act and deed of said TOWN OF MOOREFIELD, WEST VIRGINIA.

Given under my hand and official notarial seal this _____ day of _____, 1983.

My commission expires: _____

[SEAL]

_____
Notary Public

STATE OF WEST VIRGINIA,
COUNTY OF HARDY, TO-WIT:

I, _____, a Notary Public of said county, do certify that _____, who signed the writing hereto annexed, bearing date the _____ day of _____, 1983, for _____, a national banking association, has this day in my said county, before me, acknowledged the said writing to be the act and deed of said banking association.

Given under my hand and official notarial seal this _____ day of _____, 1983.

My commission expires: _____

[SEAL]

_____
Notary Public

Prepared by:

Steven F. White
Goodwin & Goodwin
1717 Charleston National Plaza
Charleston, West Virginia 25301

EXHIBIT A

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SEWERAGE SYSTEM CONSTRUCTION NOTE
SERIES 1983

No. $_____

TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Issuer") for value received, hereby promises to pay, but solely from the special fund as hereinafter provided, to _____, or registered assigns upon presentation and surrender hereof the sum of _____ Thousand Dollars ($_____) on January 1, 1986, and to pay solely from said special fund interest thereon from the date hereof at the rate of _____ per cent (%) per year, payable semi-annually on January 1, 1984, July 1, 1984, January 1, 1985 and July 1, 1985. The principal of this note is payable in lawful money of the United States of America at the principal office of _____, _____, West Virginia, as Trustee (the "Trustee") and the semi-annual interest hereon is payable by check or draft mailed to the registered owner at his address as it appears on the registration books kept by _____ as Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Trustee.

This note is one of an authorized series of Notes in the aggregate principal amount of $_____ (hereinafter called the "Notes") duly authorized by the Issuer and issued to finance certain costs of the construction and acquisition of certain additions, extensions and improvements to the sewerage system of the Issuer (the "Project") (said existing sewerage system, together with the Project and any further improvements and extensions thereto, is hereinafter referred to as the "System") pending receipt by the Issuer of certain grant proceeds from the United States Environmental Protection Agency (the "EPA"; said grant proceeds are hereinafter referred to as the "EPA Grant Receipts") and certain grant proceeds from the United States Department of Housing and Urban Development (together with the EPA Grants Receipts and the proceeds of any other grants hereafter received in and of financing costs of the Project, the "Grant Receipts"), and the issuance by the Issuer of certain Sewerage System Improvement Revenue Bonds (the "Bonds") as described below, to capitalize interest on the Notes and to pay certain costs of issuance thereof and related costs, and is issued in anticipation of such Grant Receipts and Bond proceeds. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13, of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution duly enacted by the Issuer (the "Bond Ordinance"), and is issued and secured pursuant to the terms of a Trust Indenture (the "Indenture") dated as of July 1, 1983, between the Issuer and the Trustee, and is subject to all the terms and conditions of said Indenture.

The Notes are subject to redemption in whole by the Issuer prior to maturity, on or after January 1, 1985, the redemption price being one hundred percent (100%) of the principal amount thereof plus accrued interest to the date of redemption. Notice of any such redemption shall be given by the Trustee by first class United States mail, postage prepaid, to each Noteholder to the address listed on the registration books of the Bond Registrar not less than thirty (30) days prior to the date fixed for redemption, stating the redemption price, and the place or places where the payment of the redemption price will be made.

This note is a special obligation of the Issuer, payable solely from (i) the Grant Receipts received after the date of delivery hereof; (ii) other moneys, including investment income and unexpended Note proceeds, held in the funds and accounts established with respect to the Notes by the Indenture; (iii) net proceeds of the Bonds; (iv) net revenues of the System not required by the ordinance enacted by the Council of the Issuer on June 29, 1963, authorizing the Issuer's Town of Moorefield, West Virginia Sewer Revenue Bonds, dated June 1, 1963, outstanding on the date hereof in the aggregate principal amount of $_____ (the "1963 Bonds") to be set aside and held for the payment or security of the 1963 Bonds (the "Surplus Revenues"); (v) the net proceeds of certain refunding notes issued by the Issuer and delivered as condition precedent to, and as evidence of, a draw by the Trustee under that certain letter of credit obtained by the Issuer for the benefit of the Trustee in the amount of $_____ to pay the principal of the Notes which would otherwise be paid from the proceeds of the Bonds or EPA Grant Receipts retained pending satisfactory completion of the EPA audit (the "Refunding Notes"); and (vi) the net proceeds of other refunding notes or obligations issued for such purpose. Issuance of the Bonds and the sale thereof to the West Virginia Water Development Authority (the "Authority") were authorized by the Bond Ordinance. The Authority has indicated its intention to purchase such Bonds, in an aggregate principal amount of not more than $_____, pursuant to a loan agreement to be entered between the Issuer and the Authority, as a part of the Authority's next issue of bonds issued with respect to its loan program; provided, that the Issuer must satisfy certain legal and other requirements of said program; and provided, further, that the Issuer may sell the Bonds to any other purchaser prior to entering into said loan agreement with the Authority. In the event that, on or prior to the 60th day next preceding the maturity date hereof, the Authority and the Issuer have not entered into a binding agreement for the purchase of the Bonds by the Authority on or prior to the 30th day next preceding the maturity date hereof, the Issuer shall issue and sell its Bonds to another original purchaser.

If, thirty (30) days prior to the maturity hereof the funds deposited for payment are insufficient to pay the entire principal of and interest to be accrued on the Notes to the date of maturity, the Trustee shall draw upon the Letter of Credit and the Issuer shall issue its Refunding Notes, but only upon the events and as described in the Indenture, to which reference is made for a further description of the security for the Notes.

Pursuant to the Indenture, the Issuer has pledged and assigned the Grant Receipts, the net proceeds of the Bonds, and other moneys, including investment income and unexpended Note proceeds, held in the funds and accounts established by the Indenture, said Surplus Revenues and said net proceeds of any refunding notes or other obligations, including the Refunding Notes, issued for the purpose of paying the principal of or interest on the Notes to the Trustee, to be held by the Trustee to secure the payment of the Notes.

Interest on this note is payable from certain proceeds of the sale hereof, to be held for such purpose by the Trustee, together with the earnings thereon and certain other moneys available therefor. This note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from the sources specified above. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged, for the payment of the principal of or interest on this note.

Under the Indenture, the Issuer has entered into certain covenants on behalf of the holders of the Notes, for the terms of which reference is made to said Indenture. The Issuer has covenanted not to issue any obligations with a lien on or otherwise payable from any source of payment pledged for the Notes prior to or on a parity with the lien on behalf of the Notes so long as any of the Notes are outstanding. Remedies provided the Trustee on behalf of the holder of this Note, and to said holder, are exclusively as provided in the Indenture, to which reference is here made for a detailed description thereof. This note is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this note. Upon such transfer a new note of the same series, interest rate, maturity or maturities and of authorized denomination, for the same principal amount, will be issued to the transferee in exchange therefor.

The Issuer and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof (whether or not this note shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

This note is exempt from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

All moneys received from the sale of the Notes shall be applied solely to the payment of certain costs of the Project, as defined in the Indenture, including payment of any indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of such Notes, to the appurtenant capitalized interest account and to the payment of certain costs of issuance and related

costs, and the Indenture creates a lien upon such moneys, until so applied, in favor of the holders of the Notes.

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 note exist, have happened and have been performed in due time, form and manner as required by law, and that the Notes, together with all other obligations of the Issuer, do not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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

IN WITNESS WHEREOF, TOWN OF MOOREFIELD has caused this note to be signed by the facsimile signature of its Mayor and has caused its seal to be imprinted hereon and attested by the manual signature its Recorder, all as of the date below written.

Dated: _____

TOWN OF MOOREFIELD

(SEAL)

By (FACSIMILE SIGNATURE)
Mayor

ATTEST:

_____
Recorder

****

Trustee's Certificate of Authentication

This Note is one of the Notes described in the within mentioned Indenture.

_____, Trustee

By _____
Authorized Officer

****

(Form of Note Power)

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____
(Please print or typewrite name and address of Transferee)

_____
the within note and all rights thereunder, and hereby irrevocably constitutes and appoints _____
Attorney to transfer the within note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

_____ _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

* * * *

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 Sewer 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 special meeting, on Thursday, August 13, 1987, at the Town Offices, 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 sewer services. The contemplated sewer 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 1st day of September, 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 SEWERAGE AND SEWAGE DISPOSAL SERVICE TO ITS CUSTOMERS AT 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, and West Virginia Code, Chapter 16, Article 13, Section 16.

TAPPING FEE

A $150.00 charge shall be made for sewer tapping fees for residential users; $200.00 for commercial users.

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.

Billing outside of corporate limits shall be $1.00 per month per customer extra.

4. This ordinance shall become effective forty-five (45) days after final adoption, which said effective date is the 16 day of October 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 sewer rates as set forth in said ordinace, 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 premises.

2. It is hereby determined that the present sewerage and sewage disposal rates heretofore approved by the Public Service Commission on June 24, 1983, are inadequate and the revenues derived by the Town therefrom are 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 sewerage and sewage disposal services to customers at Moorefield, in the County of Hardy. The rates are as follows:

Applicable for entire territory sewer service.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

RATE (Based upon the metered amount of water supplied)

First	2,000 gallons used per month,	$9.35	minimum
Next	3,000 gallons used per month,	1.21	per 1m gallons
Next	195,000 gallons used per month,	1.14	per 1M gallons
Next	2,800,000 gallons used per month,	1.08	per 1M gallons
All over	3,000,000 gallons used per month,	1.00	per 1M gallons.

MINIMUM MONTHLY CHARGE FOR MULTIPLE DWELLINGS

1 Family	$ 9.35 per family unit
2 Family	18.70
3 Family	28.05
4 Family	37.40
5 Family	46.75
6 Family	56.10

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

Passed on first reading on the 13th day of August 1987.

Passed on second and final reading on the 1st day of September, 1987.

Ordinance to take effect on October ____, 1987.

Council Members Voting For Ordinance:	Council Members Voting Against Ordinance:
Arbutus Snow Tink	
Roger L. Pratt	
Carlton Williard	
Donald D. Eye	
Larry P. Snyder	

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

Mayor

ATTEST:

Recorder

Date: 9-1-87

PUBLIC HEARING AND REGULAR, SEPTEMBER 1, 1987

The Town Council of Moorefield, a municipal corporation, met in regular session on Tuesday, September 1, 1987, at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: Larry D. Kuykendall, mayor, Phyllis J. Sherman, recorder, Roger Pratt, Snow Zirk, Carlton Hilliard, Larry Snyder, and Donald Eye, councilmen; Paul Lewis, administrative coordinator; William Henry, Karl Evans, Glenn Stonestreet, and Robert Clark, department heads, and Elizabeth Whitener, reporter.

As the first order of business, council met in public hearing to receive written and/or oral comments on the ordinance to increase sewer rates within the Town of Moorefield. The recorder read the ordinance for the second time and there being no comments or protests received against the rate increase, the mayor asked for a motion to approve and adopt the ordinance on second and final reading. Said motion was made by Snow Zirk, seconded by Carlton Hilliard, and passed by unanimous vote of all members present. Mayor Kuykendall declared the ordinance adopted to become effective October 16, 1987.

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

As the next item on the agenda, the recorder read for the second time an amendment to Section 3-3 of the Moorefield City Code which provides for the unlawful use of alcoholic liquor, or non-intoxicating beer, and further provides for penalties for violation thereof. The amendment will make it illegal to drink alcoholic liquor or non-intoxicating beer or have an open container of such in or on any public street or place within the town. On motion of Councilman Zirk, seconded by Councilman Pratt, council voted unanimously to adopt the amendment to become effective September 2, 1987.

Council next considered a request from the Hardy County Public Service District for water service for their US 220 South Water Project. The project will serve 154 customers and will require approximately 549 thousand gallons of water per month. Bill Pallavicini, the town's engineer for the project stated that the town would need to draft an agreement limiting the number of customers, rate increases, etc. After considerable discussion, council on motion of Snow Zirk, seconded by Donald Eye, voted to table the matter until further study can be done by the town. Mayor Kuykendall appointed Snow Zirk and Larry Snyder as a committee to prepare a report for council.

William Pallavicini was present to update council on the status of all construction projects currently in progress. He stated that the reconstruction of the sewer lagoon is running a little behind schedule but that the contractor has picked up the pace. Carl Belt, Inc., contractor for the reconstruction, has just submitted their 5th estimate in the amount of $105,933.56 for approval.

Construction on the water system improvements has just recently begun. Scott Excavating, contractor for installation of the lines, has submitted his first estimate in the amount of $51,155.76. Mr. Pallavicini presented contract #3 for the installation of the water storage tank for the Mayor to sign. The notice to proceed, which is included, has a starting date of September 7, 1987 with completion on May 5, 1988. Council on motion of Larry Snyder, seconded by Snow Zirk, gave the mayor authority to sign the contact with Hydrostorage, Inc. of Pittsburgh for $ 363,853.

Mr. Pallavicini advised council that they may have to obtain a letter of credit from the bank to pay Scott Excavating or take the money from the water fund until money is drawn down from EDA. He added that funds can be drawn as soon as all easements, appraisals, and title opinions are in place.

Mr. Pallavicini also advised council that the Town owes him over $120,000 in engineering bills with over $80,000 due on design work for the water system improvements. He added that he realized that the town was in a cash flow problem until we are able to draw funds but that he is in need of cash in order to meet his payroll. Mayor Kuykendall asked him how much he would need and by what date to which Mr. Pallavicini replied that he would take what he could get as soon as possible. After due consideration, council on motion of Larry Snyder, seconded by Snow Zirk, voted to pay Mr. Pallavicini $34,244.36 out of the Flood Fund for engineering work with flood damage to the sewer plant.

Welding Inc., who is the contractor for the water plant renovations, has moved in and started to work. They are planning to install their phone and move a trailer for an office in at the end of the week.

Mayor Kuykendall then asked department heads if they had any matters to bring before the council. William Henry, water plant superintendent, asked permission to have the floculator at the plant cleaned out. It was last done in 1982 by Hi-Vac. Mr. Henry stated that Robinson Pipe Cleaning is in town doing other work and that this might be a good time to have them do it. On motion of Snow Zirk,

seconded by Larry Snyder, voted to give Mr. Henry permission to have the floculators cleaned. Mr. Henry also advised council that the plant will have to be shut down periodically during the construction period. He also stated that perhaps the industries need to be notified that they may have to go to a 4 day work week periodically due to the construction at the plant. Mr. Henry added that a crew from the water plant will have to work overtime this coming Saturday in order to do a tie-in and install two valves at Southern States for the South Moorefield Drainage Project.

After the other department heads responded that they had nothing to bring before council, Mayor Kuykendall dismissed them.

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

- Set the week of October 19 through 23 as the date for Fall Cleanup Week. Persons wanting to participate must call in by Friday, October 16th. (Snyder, Eye)

- Reviewed voters lists and removed names of persons who have died or moved out of the corporate limits. (Zirk, Eye)

- Submitted names to fill the vacancy on the Park Commission. Carlton Hilliard was appointed by the mayor to contact the people to see if they would be willing to serve as a member of the Commission.

- Snow Zirk submitted names changes for the streets in the Mountain View Addition to council for approval. Changes are as follows: (Zirk, Pratt)

  Kitzmiller Avenue (east-west) to Thorn View Drive
  Kitzmiller Avenue (North-south) to Sun Rise Drive
  Riggleman Avenue to Hill Top Drive
  Heare Avenue to Evening Sun Drive
  Funkhouser Drive to Hope Mountain Drive
  Staley Avenue to Evening Street
  Short Street (remains same)

- Approved request of Tony Crossland to install a pop machine in front of his business until such time as it becomes a problem.

- Voted to send Doug Vance a letter to have his field mowed within ten days. (Eye, Snyder)

- Voted to install a water tap for Harry Pratt when he pays his tap fee. (Eye, Zirk)

- Discussed the purchase of a police car from the Sheriff's Department for $4000 and decided to not purchase it.

- Approved payment of all current bills.

- Discussed changes to the trailer ordinance and decided to leave as is.

- Approved request from Paul Lewis to use the 1980 Jeep Cherokee for transportation during working hours.

Council then adjourned into executive session to discuss personnel matters.

As a result of executive session, council on a motion duly made, seconded, and passed, voted to present Roscoe Eye with the 38 Colt revolver which he has used for years as a retirement gift on October 31, 1987, the date of his last day of employment with the town.

Council arrived at an agreement with Roscoe Eye regarding his being paid for time off due to a worker's compensation claim. He will receive a check on September 15 and September 30, none on October 15 and a final check on October 31.

Council directed the mayor to write a memo to all department heads regarding hauling family members in town vehicles.

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

Respectfully submitted,

Phyllis J. Sherman, Recorder

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 Moorefield entered into the records on 1 day of September, 1987.

Given under my hand and seal of the Town of Moorefield this 19th 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 projectsand 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

3.1.44
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

PETITION OF THE SANITARY BOARD
OF
THE TOWN OF MOOREFIELD, WEST VIRGINIA

TO THE COUNCIL OF THE TOWN OF MOOREFIELD, WEST VIRGINIA:

Pursuant to the provisions of Section 5 of Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended (the "Act"), the Sanitary Board (the "Sanitary Board") of the Town of Moorefield, West Virginia (the "Town"), which was established pursuant to an ordinance passed by the Council of the Town (the "Council") on June 3, 1958, hereby petitions the Council to enact an ordinance, in substantially the form attached as Exhibit A hereto and incorporated herein by reference, which shall:

(a) set forth a brief and general description of improvements and betterments to the sewerage system of the Town, consisting primarily of reconstructing the 12 acre oxidation pond, replacing two surface aerators, comminutor, ultraviolet light disinfection equipment and repairing miscellaneous electrical and piping work as necessary due to November 1985 flood damage (the "Project"), all in accordance with the plans and specifications prepared and filed by William Pallavicini, the engineer chosen by the Sanitary Board (the "Consulting Engineer");

(b) set forth the cost of the Project estimated as of the date hereof by the Consulting Engineer as $2,529,300;

(c) order the construction and acquisition of the Project;

(d) direct that the Town (i) establish a revolving line of credit, if necessary, in an amount not to exceed $500,000, being the amount deemed necessary to provide funds for the acquisition and construction of the Project to the extent bond proceeds, grant receipts or other funds are not timely available therefor; (ii) enter an agreement with respect to said line of credit; (iii) issue a sewerage system construction note of the Town pursuant to the Act in an amount not to exceed $500,000, to evidence the Town's obligation to repay any draws upon such line of credit (the "Note"); provided, that the Note shall evidence only the indebtedness recorded on the record of advances and payments attached thereto; (iv) issue, if necessary, subordinate sewerage system revenue bonds of the Town pursuant to the Act, in the aggregate principal amount of not to exceed $300,000, to provide for payment of the principal of and interest on the Note prior to or on the maturity date thereof; and (v) determine the Town's intention to issue one or more series of sewerage system

revenue bonds to the West Virginia Water Development Authority to permanently finance a portion of the cost of acquisition and construction of the Project; and

(e) contain such other provisions as may be necessary in the premises.

The Sanitary Board respectfully represents to the Council that, during the acquisition and construction of the Project, one of the two persons appointed to the Sanitary Board by the Council will be a registered professional engineer.

This petition was duly authorized at a meeting of the Sanitary Board duly called and held on the 27th day of October, 1987.

WITNESS our signatures on the 27th day of October, 1987.

THE SANITARY BOARD OF THE TOWN OF MOOREFIELD, WEST VIRGINIA

By _____
Mayor of the Town and
Ex-Officio Chairman

_____
Member

_____
Member

SANITARY BOARD RESOLUTION

Introduced:

10-27-87

Introduced By:

Daniel Wilson

Adopted:

10-27-87

A RESOLUTION REQUESTING THE COUNCIL OF THE TOWN OF MOOREFIELD TO AUTHORIZE THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MOOREFIELD AND TO AUTHORIZE THE 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 SAID TOWN OR MOOREFIELD TO BE USED ALONG WITH OTHER FUNDS AND MONIES 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 AND TO PROVIDE FOR INTERIM FINANCING.

WHEREAS, the Sanitary Board of the Town of Moorefield, West Virginia (the "Board"), contemplates the reconstruction, construction and acquisition of certain extensions, additions, betterments and improvements to the public sewerage system as necessary due to damage caused by the November 1985 flood (the "Project") of the Town of Moorefield (the "Town"); and

WHEREAS, the Board contemplates financing the Project with proceeds of sewer revenue bonds and pending the receipt of the grant proceeds, the issuance of interim financing; and

WHEREAS, the Board requests the Council of the Town of Moorefield (the "Council") to authorize the issuance of said bonds and said interim financing.

NOW, THEREFORE, BE IT RESOLVED BY THE SANITARY BOARD OF THE TOWN OF MOOREFIELD:

1. The Board contemplates the acquisition and construction of certain extensions, additions, betterments and improvements to the public sewerage system of the Town and requests the Council to authorize the same.

2. The Board requests the issuance of sewer revenue bonds to permanently finance the Project and issuance of certain interim financing to provide funds pending the receipt of the grant proceeds and requests the Council to authorize the same.

3. This Resolution shall be effective immediately upon its adoption.

Adopted this 27th day of October, 1987.

SANITARY BOARD, TOWN OF MOOREFIELD, WEST VIRGINIA

By: _____
Chairman

By: _____
Member

By: _____
Member

TOWN OF MOOREFIELD

BOND AND LINE OF CREDIT ORDINANCE -- SEWER PROJECT

TABLE OF CONTENTS

Subject		Page
ARTICLE I - DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS		
Section 1.01.	Definitions	1
Section 1.02.	Authority of this Ordinance	9
Section 1.03.	Findings	9
Section 1.04.	Ordinance Constitutes Contract	13
ARTICLE II - AUTHORIZATION OF PROJECT		
Section 2.01.	Authorization of Project	13
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF WDA LOAN AGREEMENTS		
Section 3.01.	Authorization of Original Bonds	13
Section 3.02.	Terms of Original Bonds	14
Section 3.03.	Execution of Bonds	15
Section 3.04.	Authentication and Registration	15
Section 3.05.	Negotiability, Transfer and Registration	15
Section 3.06.	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07.	Bonds Not To Be Indebtedness of the Town	17
Section 3.08.	Bonds Secured by Subordinate Pledge of Net Revenues	17
Section 3.09.	Form of Original Bonds	17
Section 3.10.	Sale of Original Bonds; Execution of WDA Loan Agreements	33
ARTICLE IV - LINE OF CREDIT		
Section 4.01.	Authorization of Line of Credit	33
Section 4.02.	Authorization of Credit Line Note	33
Section 4.03.	Execution of Credit Line Note	34
Section 4.04.	Negotiability, Transfer and Registration	34
Section 4.05.	Form of Credit Line Note	35
Section 4.06.	Proceeds of Draw Under Line of Credit Agreement	35

Subject		Page
ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF		
Section 5.01.	Establishment of Funds and Accounts with Depository Bank.....	35
Section 5.02.	Establishment of Funds and Accounts with Commission.....	36
Section 5.03.	System Revenues; Flow of Funds.....	36
ARTICLE VI - APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS; TRANSFERS AND EXISTING FUNDS		
Section 6.01.	Application of Original Bond Proceeds.....	40
Section 6.02	Bond Construction Trust Fund.....	40
ARTICLE VII - ADDITIONAL COVENANTS OF THE TOWN		
Section 7.01.	General Covenants of the Town.....	41
Section 7.02.	Bonds and Notes Not To Be Indebtedness of the Town.....	42
Section 7.03.	Bonds Secured by Pledge of Net Revenues.....	42
Section 7.04.	Rates	43
Section 7.05.	Completion, Operation and Maintenance.....	43
Section 7.06.	Sale of the System.....	43
Section 7.07.	Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances.....	45
Section 7.08.	Parity Bonds.....	46
Section 7.09.	Insurance.....	48
Section 7.10.	Services Rendered to the Town.....	49
Section 7.11.	Enforcement of Collections.....	49
Section 7.12.	No Competing Franchise.....	50
Section 7.13.	Books and Records.....	50
Section 7.14.	Operating Budget.....	51
Section 7.15.	Connection.....	51
Section 7.16.	Covenant To Amend Ordinance.....	51
Section 7.17.	Public Purpose Bonds.....	52
Section 7.18.	Private Activity Bond Covenant.....	52
Section 7.19.	Filing Covenant.....	52
Section 7.20.	Federal Guarantee Covenant.....	52
Section 7.21.	Rebate Covenant.....	52

Subject Page

ARTICLE VIII - INVESTMENT OF FUNDS

Section 8.01. Investments..... 53
Section 8.02 Restrictions as to Arbitrage Bonds... 54
Section 8.03 Restriction of Yield on Bond Proceeds..... 54

ARTICLE IX - DEFAULT AND REMEDIES

Section 9.01. Events of Default..... 54
Section 9.02. Remedies..... 55
Section 9.03. Appointment of Receiver..... 55

ARTICLE X - DEFEASANCE

Section 10.01. Defeasance..... 57

ARTICLE XI - MISCELLANEOUS

Section 11.01. Modification or Amendment..... 58
Section 11.02. Severability of Invalid Provisions.. 59
Section 11.03. Repeal of Conflicting Ordinance..... 59
Section 11.04. Covenant of Due Procedure..... 59
Section 11.05. Effective Date..... 59

Exhibit A: Loan Agreement
Exhibit B: Project Description
Exhibit C: Supplemental Loan Agreement

BOND AND LINE OF CREDIT ORDINANCE

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; authorizing 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.

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

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

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

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

B. "Authority" means the West Virginia Water Development Authority, which shall be the original purchaser of the Original Bonds, as hereinafter defined, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

C. "Authorized Officer" means the Mayor of the Town of Moorefield or any acting mayor duly appointed or any other officer duly so authorized by the Council of the Town of Moorefield.

D. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(1).

E. "Bondholder" or "Owner of the Bonds" or "Registered Owner" or "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

F. "Bond Registrar" means the bank to be designated as 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" means 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" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

J. "Consulting Engineers" means William Pallavicini, Consulting Engineer, Petersburg, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage facilities that shall at any time hereafter be retained by the Town as Consulting Engineers for the System, as hereinafter defined.

K. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(F) hereof to be a part of the costs of the construction and acquisition of the Project, as hereinafter defined.

L. "Council" means the Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System, as hereinafter defined, conferred upon said Sanitary Board.

M. "Credit Line Note" or "Note" means the note authorized by Section 4.02 hereof to evidence the Town's

obligation to repay any draw under the Line of Credit, as hereinafter defined.

N. "Depository Bank" means 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.

O. "EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

P. "EPA Grant" means the grant from the EPA awarded as of September 27, 1982, pursuant to an EPA Assistance Agreement, as supplemented and amended.

Q. "Event of Default" means any occurrence or event specified in Section 9.01.

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

S. "FEMA" means the Federal Emergency Management Agency or any successor to the functions of FEMA.

T. "FEMA Grant" means the Grant from FEMA.

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

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

W. "Grant Receipts" means all moneys received by the Town on account of the EPA Grant and the FEMA Grant or any other grant to pay Costs of the Project, as hereinafter defined.

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

Y. "Independent Accountants" means 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.

Z. "Line of Credit" means the irrevocable line of credit in an amount not to exceed $500,000 authorized by Section 4.01.

AA. "Line of Credit Agreement" means the agreement establishing the Line of Credit, to be approved in substantial form by a resolution supplemental hereto.

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

CC. "Mayor" means the Mayor of the Town.

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

EE. "Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, 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, Bond and Note registrars and paying agents, the trustee for any Notes and the Depository Bank, other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting

principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

GG. "Original Bonds" or "Bonds authorized hereby" or any similar phrase means, collectively, the Original Subordinate Bonds and the Original Supplemental Bonds, both as hereinafter defined.

HH. "Original Subordinate Bonds" means the not more than $225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

II. "Original Supplemental Bonds" means the not more than $75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

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

KK. "Parity Bonds" means, collectively, Parity Subordinate Bonds and Parity Supplemental Bonds.

LL. "Parity Subordinate Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Subordinate Bonds.

MM. "Parity Supplemental Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Supplemental Bonds.

NN. "Paying Agent" means the West Virginia Municipal Bond Commission or any successor to the functions thereof.

OO. "Prior Bonds" means the Town's Sewer Revenue Bonds dated June 1, 1963, issued in the aggregate principal amount of $145,000 and outstanding as of the date of enactment of this Ordinance in the aggregate principal amount of $64,000, the lien of which Prior Bonds on the Net Revenues is prior and superior to that of the Original Bonds.

PP. "Prior Ordinance" means the ordinance enacted by Council on June 29, 1963 authorizing the issuance of the Prior Bonds.

QQ. "Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority, or any successor to said program as currently constituted.

RR. "Project" means the extensions, improvements and betterments to the existing sewerage system of the Town described in Exhibit B attached hereto and incorporated herein by reference.

SS. "PSC" means the Public Service Commission of West Virginia or any other agency of the State of West Virginia that succeeds to the functions of the PSC.

TT. "Qualified Investments" means and includes 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

FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(e) Money market funds or similar funds the only assets of which are investments of the type described in paragraphs (a) through (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 owners of said 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; and

(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.

UU. "Recorder" or "Town Recorder" means the Recorder of the Town.

VV. "Sanitary Board" or "Board" means the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town on June 3, 1958, and any successors to the functions thereof.

WW. "Series A Bonds" means the $245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds, Series A issued January 10, 1986, outstanding as of the date of this Ordinance in the aggregate principal amount of $243,277.

XX. "Series A Ordinance" means the Ordinance enacted by the Council of the Town on June 14, 1983, effective June 28, 1983 authorizing the Series A Bonds.

YY. "State" means the State of West Virginia.

ZZ. "Subordinate Bonds" means, collectively, the not more than $225,000 in aggregate principal amount of Original Subordinate Bonds and any Parity Subordinate Bonds hereafter issued.

AAA. "Supplemental Bonds" means, collectively, the not more than $75,000 in aggregate principal amount of Original Supplemental Bonds and any Parity Supplemental Bonds hereafter issued.

BBB. "Supplemental Loan Agreement" means 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 the Supplemental Resolution, providing for the purchase of the Original Supplemental Bonds from the Town by the Authority.

CCC. "Supplemental Reserve Account" means the account established in the Supplemental Sinking Fund, as hereinafter defined, pursuant to Section 5.02(1)(a).

DDD. "Supplemental Reserve Requirement" means the maximum amount of principal and interest, if any, which will become due on the Supplemental Bonds in any year.

EEE. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds or the Supplemental Resolution approving a trust indenture pursuant to which the Notes shall be issued and specifically authorizing the Notes; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Bonds or the Notes, as the case may be, and not so included may be included in another Supplemental Resolution.

FFF. "Supplemental Sinking Fund" means the Supplemental Sinking Fund established for the Supplemental Bonds by Section 5.02(1).

GGG. "Surplus Revenues" means the Net Revenues not required by the Prior Ordinance, the Series A Ordinance or this Ordinance to be set aside and held (including but not limited to in sinking funds, reserve accounts and renewal and replacement funds) for the payment of or security for the Prior Bonds, the Series A Bonds or the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are used to pay Costs of the Project.

HHH. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Town and

under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

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

JJJ. "Town" means the Town of Moorefield, a municipal corporation of the State of West Virginia, and, where appropriate, the Council thereof.

KKK. "WDA Loan Agreements" means, collectively, the Loan Agreement and the Supplemental Loan Agreement.

LLL. 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.

MMM. Words importing singular number 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.

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

OOO. 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 the Act and other applicable provisions of law and, so long as any of the Prior Bonds or the Series A Bonds are outstanding, is supplemental to the Series A Ordinance.

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

A. The Town now owns and operates public works for the collection and treatment, purification and disposal of sewage.

B. The Town completed certain additions, extensions, improvements and betterments to the System in 1984 and 1985. In November 1985 the System was seriously damaged by flood. EPA and FEMA have supervised and mandated the improvements, betterments, extensions and additions contemplated by the Project.

C. In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board.

D. The Sanitary Board has presented a petition to the Town for acquisition and construction of the Project, enactment of this Ordinance and the issuance of the Bonds and Notes.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed at an estimated cost of $2,529,300, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications are on file with the Sanitary Board and the Recorder, and which Project is generally described in Exhibit B hereto.

F. It is deemed necessary for the Town to issue its Original Subordinate Bonds in the aggregate principal amount of not more than $225,000 and its Original Supplemental Bonds in the aggregate principal amount of not more than $75,000 and contemporaneously therewith, or as soon as practicable thereafter if and when the Council shall determine it to be in the best interests of the Town, to enter into the Credit Lin Agreement in the aggregate principal amount of not more tha $500,000, all to finance costs of construction and acquisitio of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; interest upon the Notes during the term thereof; engineering, fiscal and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees and expenses of the Authority, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, insurance or letter of credit costs, provided, that reimbursement to the Town for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Town for such purposes shall be deemed Costs of the Project.

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

H. There are outstanding on the date of enactment of this Ordinance $64,000 in aggregate principal amount of Prior Bonds and $243,277 in aggregate principal amount of Series A Bonds. The holders of the Prior Bonds shall have a lien on the Net Revenues prior and superior to that of the Bondholders. The Subordinate Bonds will be on a parity with the Series A Bonds. Other than the Prior Bonds and the Series A Bonds, there are no obligations of the Town outstanding which will rank prior to or on a parity with the Original Bonds as to their respective liens and sources of and security for payment.

I. The issuance of the Original Bonds on a basis subordinate to the Prior Bonds is being authorized in an effort to aid in the abatement or reduction of the pollution of waters and streams situate in and about the Town, including the South Branch of the Potomac River.

J. The Town derives revenues from the System, and said revenues are pledged or encumbered only in connection with the Prior Bonds and the Series A Bonds.

K. The Town is authorized to issue bonds, on a parity with the second parity lien of the Series A Bonds issued pursuant to the Series A Ordinance.

L. The Town hereby finds and determines that the annual net revenues of the System prior to the issuance of the Original Bonds plus reasonably projected revenues from the rate increase and the improvements to be financed by the Original Bonds will be more than sufficient to comply with the requirements of Section 7.14 of the Series A Ordinance and Section 4.1(a)(vi) of the Loan Agreement with respect to the Series A Bonds.

M. Prior to the issuance of the Original Bonds, a certified public accountant who is not in the regular employ of the Town shall file with the Recorder a certificate that the net revenues of the System prior to the issuance of the Original Bonds, plus reasonably projected revenues from the rate increase and the improvements financed by such Original Bonds shall be not less than one hundred fifteen per centum (115%) of the maximum debt service in any succeeding year on the Prior Bonds, the Series A Bonds, there being no other obligations then outstanding which are payable from the revenues of the System, and on the Original Bonds.

N. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the the System, the principal of and interest on the Prior Bonds, the Series A Bonds and the Bonds and all sinking fund and other payments provided for in the Prior Ordinance, the Series A Ordinance, and this Ordinance.

O. 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.

P. 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 and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the PSC by final order not subject to appeal or rehearing.

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

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

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

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

U. 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.

V. 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.

W. 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.

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

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

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

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds and the Note authorized to be issued hereunder by those who shall respectively 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 or Noteholder, 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 Holders of any and all of such Subordinate Bonds, Supplemental Bonds or the Note, as the case may be, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF PROJECT

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

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF WDA LOAN AGREEMENTS

Section 3.01. Authorization of Original Bonds. For the purposes of financing a portion of the costs of acquisition and construction of the Project not otherwise provided for, of paying the costs of issuance of the Original Bonds and, if authorized by the 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 Original Bonds shall be issued contemporaneously with or prior to any issuance of the Note. The proceeds of the Original Bonds shall be applied as provided in Section 6.01.

Section 3.02. Terms of Original Bonds. The Original Subordinate Bonds shall be originally issued in the form of a single bond, designated Subordinate Sewerage System Revenue Bond, Series 1987, numbered R-1, fully registered to the Authority, in the principal amount of not more than $225,000 as shall be set forth in the Supplemental Resolution. The Original Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate per annum, not to exceed 12%, as shall be set forth in the Supplemental Resolution, payable semiannually on April 1 and October 1 of each year, beginning with the date set forth in the Supplemental Resolution; 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 Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The Original Supplemental Bonds shall be originally issued in the form of a single bond, designated Supplemental Subordinate Sewerage System Revenue Bond, Series 1987, numbered SR-1, fully registered to the Authority, in the principal amount of not more than $75,000, as shall be set forth in the Supplemental Resolution. The Original 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 Original Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Supplemental Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

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 of the Paying Agent 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 Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Bonds shall be exchangeable at the option and expense of the Owner for other fully registered Bonds of the same series 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 and the Town shall pay any expenses of the first exchange of the Bonds and in the case of a partial redemption of any Bond.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The 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 actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the 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 3.04. 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 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this 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 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer or 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.

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

In all cases in which the privilege of exchanging Bonds or transferring Bonds is 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 or Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which charges and expenses for any Bonds owned by the Authority, in the event of partial redemption of any Bond or in connection with the first transfer of any Bond from the original purchaser thereof shall be paid by the Town and, otherwise, shall be paid by the Owner requesting such transfer or exchange. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period beginning with the 15th day of the month preceding an interest payment date and ending on the day preceding such interest payment date or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. 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 like 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 Bond Registrar and held for the account of the Town. 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 lost, stolen or destroyed, without surrender thereof.

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 on and source of and security for payment from the revenues pledged herein with the Bonds issued hereunder.

Section 3.07. 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 Net Revenues and otherwise as provided herein. 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 the interest thereon.

Section 3.08. Bonds Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of all the Subordinate Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, which lien is junior, subordinate and inferior to that on account of the Prior Bonds and which lien is on a parity with the lien on the Net Revenues held by the owners of the Series A Bonds. 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 Net Revenues derived from the System, but junior, subordinate and inferior to the lien on the Net Revenues in favor of the Prior Bonds, the Series A Bonds and the Subordinate Bonds. Such Net Revenues, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the other payments required under the Prior Ordinance, and in addition to paying the principal of and interest on the Series A Bonds and making the other payments required by the Series A Ordinance, to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund and the Supplemental Sinking Fund and the Supplemental Reserve Account therein, all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this

Ordinance or by any Supplemental Resolution adopted or enacted prior to the issuance thereof:

[Form of Original Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF MOOREFIELD
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1987

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on 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.

Interest on each installment shall run from the date of this Bond and 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 _____, 19___. 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 of the Paying Agent mailed to the registered owner hereof 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 the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated as of _____, 19__ between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the

Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System")[; (ii) to pay interest on the Bonds during and for six months after completion of construction of the Project; (iii) to fund the Reserve Account, as hereinafter defined; and (iv)] 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 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly enacted by the Council of the Town on the ____ day of _____, 19__, as supplemented by a resolution duly adopted by the Council of the Town on _____, 19__, (collectively, 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 payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Reserve Account created under the Ordinance (the "Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 hereon except from said special fund provided from the Net 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 shall be sufficient to provide for the proper and 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 the Bonds, on the Supplemental Bonds, as hereinafter defined, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and said Supplemental Bonds, including the Prior Bonds and the Series A Bonds, as hereinafter defined; provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in any year, there exists in the reserve account for said Supplemental Bonds sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds in any year, and the reserve accounts for any such

obligations prior to or on a parity with the Bonds or said Supplemental Bonds, including said Prior Bonds and the Series A Bonds, are funded at 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 the Registrar kept for that purpose at the office of the Registrar by the Registered Owner or by its attorney or legal representative 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 or legal representative duly authorized in writing.

Subject to 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.

This Bond is issued contemporaneously with the Supplemental Subordinate Sewerage System 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 to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWER REVENUE BONDS DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (the "PRIOR BONDS").

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS SERIES A DATED AS OF JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (the "SERIES A BONDS").

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 Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 19___.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System 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 on the date set forth below.

Date: _____

_____,
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: _____, 19__.

_____

In the presence of:

_____

[Form of Original Supplemental Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF MOOREFIELD
SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM 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 (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on 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 as of _____, 19__, between the Town and the Authority.

This Bond is issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements and betterments thereto, is hereinafter referred to as the "System")[, to fund the Supplemental Reserve Account, as hereinafter defined,] and 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 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Town on the _____ day of _____, 1987, and a supplemental resolution duly adopted by the Council of the Town on the _____ day of _____, 19___ (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 Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Subordinate Bonds") issued in the aggregate principal amount of $_____, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWER REVENUE BONDS DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "PRIOR BONDS"); AND THE TOWN'S SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS SERIES A DATED JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES A BONDS"). THE LIEN ON ACCOUNT OF THIS BOND ON SUCH NET REVENUES IS ALSO JUNIOR, SUBORDINATE AND INFERIOR TO THE LIEN THEREON CREATED ON ACCOUNT OF THE SUBORDINATE BONDS.

This Bond is payable only from and secured by a lien, subordinate only to that of the Prior Bonds, the Series A Bonds and the Subordinate Bonds, on the Net 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 (the "Supplemental Reserve Account")] and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net 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 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 the Bonds, the Subordinate Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds and the Subordinate Bonds,

including the Prior Bonds and the Series A Bonds; provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve account for the Subordinate Bonds amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and on the Subordinate Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or the Subordinate Bonds, including the Prior Bonds and the Series A Bonds, are funded at the respective 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 _____, _____, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney or legal representative 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 or legal representative 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 registered 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 Subordinate 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 Subordinate Sewerage System 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 on the date set forth below.

Date: _____

_____,
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 3.10. 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 in 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 is hereby authorized, if it appears to be in the best interest of the Town, to arrange for a Line of Credit in an amount not to exceed $500,000. The amount and terms of the Line of Credit and the Line of Credit Agreement 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, not to exceed $500,000, and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note shall be issued in single, 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 on such dates, 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 twenty-four (24) 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 thereof. 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 thereto 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, as supplemented in connection with the issuance of the Credit Line Note. 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 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 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) 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) Supplemental Sinking Fund; and

(a) Within the Supplemental Sinking Fund, the Supplemental Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. So long as the Prior Bonds and Series A Bonds are outstanding, the Gross Revenues shall be deposited in the sewer revenue fund established by Section 5 of the Prior Ordinance and continued pursuant to Section 5.01 of the Series A Ordinance (the "Revenue Fund"). So long as any of the Bonds are outstanding the Town covenants that the Gross Revenues shall be deposited in the Revenue Fund created as described above and continued herein and hereby. 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 herein provided. Moneys in the Revenue Fund shall first be disposed of as provided by Section 5(1) through 5(3) of the Prior Ordinance. After the payments required by Section 5(1) through 5(3) of the Prior Ordinance are made, payment shall be made as provided in Section 5.02 of the Series A Ordinance, provided that the payment provided by Section 5.02 (E)(a) of the Series A Ordinance and the payment required by subsection (C)(1) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then payment shall be made pro rata; further provided that the sinking fund payments required under Section 5.02(E)(b) of the Series A Ordinance and subsection (C)(2) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then the payments shall be made prorata; further provided that the payment required by Section 5.02(F) and the reserve payment required by subsection (C)(3) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then shall be paid prorata.

B. From the Revenue Fund, the Town shall first each month pay the current Operating Expenses of the System.

C. (1) Thereafter, from the moneys remaining in the Revenue Fund or, after payment or defeasance of the Prior Bonds, in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Subordinate 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 created by the Series A Ordinance (the "Sinking Fund"), a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Subordinate Bonds on the next ensuing semiannual interest payment date, with an adjustment for the first interest payment date from revenues less than seven (7) months after the issuance of the Subordinate Bonds or capitalization of interest as applicable, and shall make the payment provided by Section 5.02(E)(a) of the Series A Ordinance.

(2) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Subordinate Bonds, apportion and set apart out of the Revenue Fund or, after payment or defeasance of the Prior Bonds out of the Revenue Fund, and remit to the Commission for deposit in the Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Subordinate Bonds on the next ensuing principal payment date and shall make the sinking fund payment provided by Section 5.02(E)(b) of the Series A Ordinance.

(3) The Town shall next from the Revenue Fund on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Subordinate Bonds, remit to the Commission for deposit in the Reserve Fund created by the Series A Ordinance and continued hereby (the "Reserve Fund") an amount equal to 1/120 of the Minimum Reserve; provided, that no further payments shall be made into the Reserve Fund when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Once the Reserve Fund has been funded at the Minimum Reserve, the Town shall next remit to the Commission for deposit in the Reserve Fund an amount equal to any deficiency in the Minimum Reserve. Any withdrawals from the Reserve Fund which result in a reduction in the balance of the Reserve Fund to below the Minimum Reserve shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full. The Town shall also, simultaneously with its deposit in the Reserve Fund, make the reserve payment required by Section 5.02(F) of the Series A Ordinance.

(4) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Subordinate Bonds as the same shall become due. Moneys in the Reserve Fund in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Subordinate 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 Sinking Fund and the Reserve Fund shall 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.

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

D. (1) 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 or, after payment or defeasance of the Prior Bonds, 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.

(2) The Town shall next from the Revenue Fund on the first day of each month commencing 13 months prior to the first date of payment of the Supplemental Bonds, remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to 1/120 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. Once the Supplemental Reserve Account has been funded at the Supplemental Reserve Requirement, the Town shall next remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to any deficiency in the Supplemental Reserve Requirement. 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 Net Revenues available after all required payments prescribed above have been made in full.

E. (1) As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the Sinking Fund or Supplemental Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Fund or Supplemental Reserve Account in an amount equal to the respective Reserve Requirement.

(2) The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Supplemental Sinking Fund created hereunder, and all amounts required for said Supplemental Sinking Fund shall be remitted

to the Commission from the Revenue Fund by the Town at the times provided herein.

(3) The payments into the Supplemental Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Saturday, 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.

F. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amount required to be so transferred and retained and paid into the funds and accounts established by the Prior Ordinance and the Series A Ordinance and into the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues and may be used for any lawful purpose of the System, including for pledge to and payment of the Note.

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

H. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, as required by the Prior Ordinance and the Series A Ordinance for the Revenue Fund and by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the law of the State for the Revenue Fund.

I. 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.

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

K. 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; TRANSFERS AND EXISTING FUNDS

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 Subordinate 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 Fund 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. The Bond Construction Trust 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 Project, which include but are not limited to the cost of the issuance of the Original Bonds as well as construction of the Project, as more fully set forth in Section 1.03(F), 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 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 Fund or the Supplemental Reserve Account or to fund the Reserve Accounts at the respective requirements therefor; (ii) thereafter, may, during the period of three years from May 22, 1986, be used for construction and acquisition of the remainder of the Project or 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 Subordinate 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; provided, that the lien in favor of the Owners of the Original Subordinate Bonds shall be prior to the lien in favor of the Owners of the Original Supplemental Bonds.

Expenditures or disbursements by the Depository Bank from the Bond Construction Trust Fund, except for legal, fiscal and engineering expenses, expenses in connection with the issuance and sale of the Original Bonds and repayment to the Authority of any Step I or Step II loans, shall be made only after such expenditures or disbursements shall have been approved in writing by the Sanitary Board 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 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 Note when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, also inure to the benefit of the Owners of the Note and any Trustee therefor and constitute valid and legally binding covenants of the Town, enforceable in any court of competent jurisdiction by said Trustee or any Owner or Owners of said Note; provided, that Section 7.04 shall not be applied to the Note.

Section 7.02. Bonds and Notes Not To Be Indebtedness of the Town. Neither the Bonds nor the Notes shall be or constitute a corporate indebtedness of the Town within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable, with respect to the Bonds, solely from the Net Revenues of the System or from the respective Reserve Account or unexpended Bond proceeds as herein provided or, with respect to the Notes, solely from the specific sources pledged by the Supplemental Resolution, including any indenture provided thereby. 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 Net Revenues. The payment of the debt service of the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to the Prior Bonds and on a parity basis with the lien of the Series A Bonds. The payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to the Prior Bonds, the Series A Bonds and the Subordinate Bonds. The Net Revenues derived from the System, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the payments into the funds and accounts created under the Prior Ordinance, and together with paying the principal of and interest on the Series A Bonds and making the payments into the funds and accounts created under the Series A Ordinance, to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and into the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Bonds as the same become due and for other purposes provided in this Ordinance.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and services rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Town 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 PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Series A Ordinance and created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the 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 to provide funds which, along with other revenues of the System, (i) will pay for all Operating Expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds and the Series A Bonds; provided, however, in the event that an amount at least equal to the Reserve Account 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 any reserve account for any such prior or parity obligations, including the Prior Bonds and the Series A Bonds, is funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and any such prior or parity obligations, including the Prior Bonds and the Series A Bonds.

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 Series A Bonds outstanding and the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall first be applied on account of the Prior Bonds and any excess shall, unless otherwise required by the Series A Ordinance, immediately be remitted to the Commission for deposit in the sinking fund for the Series A Bonds, the Sinking Fund and the Supplemental Sinking Fund, and the Town shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Series A Bonds and the Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Series A Bonds and Bonds. Any balance remaining after the redemption or payment of all the Prior Bonds, Series A 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, 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 $10,000, the Town shall first, in writing, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and the Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Prior Renewal and Replacement Fund or the Renewal and Replacement Fund, as the case may be. 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 Sanitary Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property 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 and applied on account of the Prior Bonds, with any excess to be remitted to the Commission for deposit in the sinking fund for the Series A Bonds, the Sinking Fund and the Supplemental Sinking Fund and applied only to the redemption or purchase, at prices not greater than the applicable redemption price or, if not redeemable, par, of Series A Bonds and Bonds of the last maturities then

Outstanding (upon receipt of approval of the Authority, if needed) or, otherwise, to the Renewal and Replacement Fund. Such payments of such proceeds on account of the Prior Bonds or the Series A Bonds or in the Sinking Fund and the Supplemental Sinking Fund or the Prior Renewal and Replacement 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 or of the Prior Ordinance or the Series A 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 $50,000 and insufficient to pay or redeem prior to maturity all the Prior Bonds then outstanding and the Series A Bonds and Bonds then Outstanding; provided, 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 Bonds then Outstanding may be obtained for such purpose. The Town shall prepare the form of such approval and consent for execution by the then Owners of 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 Parity 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 Bonds; provided, however, that additional Parity Bonds may be issued as provided for in Section 7.08. 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 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 Reserve Account, the Supplemental Reserve Account 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 Parity Bonds, being on a parity with the respective liens 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. Except as expressly provided herein, no Parity Subordinate Bonds shall be issued so long as any Supplemental Bond remains Outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the extensions, improvements and betterments to the System or refunding all or a part of one or more issues or series of Bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, 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 Parity Bonds, shall not be less than 115% of the maximum debt service in any succeeding year on the following:

(A) The Prior Bonds, the Series A Bonds and any other obligations secured by or payable from the Revenues prior to or on a parity with the Bonds.

(B) The Bonds then Outstanding;

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

(D) 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 Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 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 Engineers and the Independent Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said 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, improvements and betterments 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 Subordinate Bonds and the Owners of any Parity Subordinate Bonds and of the Owners of the Original Supplemental Bonds and the Owners of any Parity Supplemental Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Subordinate 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 Subordinate Bond over any other. All the Supplemental 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 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 Parity 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 Bonds on such revenues. The Town shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

Parity Bonds shall not be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then

Outstanding, and any other payments provided for in this 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 Bonds, Series A Bonds or Prior Bonds provided that the annual debt service required on account of the refunding Bonds and the Bonds, Series A Bonds and Prior Bonds which are not refunded shall not be greater in any year in which the Bonds, Series A Bonds and Prior Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds, Series A Bonds and Prior Bonds to be refunded were not so refunded.

With the written consent in advance of the Authority and anything to the contrary in Section 7.07 and in this Section 7.08 notwithstanding, both Parity Subordinate Bonds and Parity Supplemental Bonds may be authorized and issued by the Town pursuant to a Supplemental Resolution solely to complete the Project as described in the Town's Program application to the Authority as of the date of the WDA Loan Agreements and in accordance with the plans and specifications, 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 and 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.

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. The Town will 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, so long as the Authority is the Owner of the Original Bonds. The Town will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Town, the Authority, the prime

contractor and 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. The proceeds of all such insurance policies shall be disposed of as provided in the Prior Ordinance and otherwise shall pro rata be disposed of as provided in the Prior Ordinance and 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 services 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 which 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 and 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 applicable law and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Town owns a water facility (the "Water System"), the Water System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full.

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, body, 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 any 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 or of a Note or Notes issued pursuant to this Ordinance or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Town relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC 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 Engineers, the Trustee and the Authority, and shall mail in each year to any Owner or Owners of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

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

the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be 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 or Notes, as the case may be, and shall submit said report to the Authority and the Trustee. 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 Town 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 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 the Authority and the Trustee and to any Owners of any Bonds or Notes, as the case may be, who request in writing that copies of all such budgets and resolutions be furnished 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 Owners of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Owners of any Bonds or Notes, as the case may be.

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 a 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 Council 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 of nationally recognized bond 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 holding such fund or account, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under the applicable laws, this Ordinance and the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Except as otherwise specifically provided, 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 Owner, 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 on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient

amount of such investments whenever the cash balance in any 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 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 Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or the 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 the Depository Bank holding any fund or account hereunder or an Owner of a Bond; 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, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his 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 this 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 the 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 the Bonds, and (v) by action or bill in equity enjoin any acts in violation of this Ordinance with respect to the Bonds or the rights of such Registered Owners, all subject to the superior rights of the Prior Bondholders and, the superior or equal, as the case may be, rights of the Series A Bondholders.

Section 9.03. Appointment of Receiver. Any Owner of a Bond 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 is any default in the payment of interest on any 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 of the Town of such default, any Owner 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 Bonds and any interest thereon, the deposits into the funds and accounts 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 and 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 may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the 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 the Owners, 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 receiver shall recognize that the lien of the Subordinate Bonds is prior and superior to that of the Supplemental Bonds, that the lien of any outstanding Series A Bonds is equal to that of the Subordinate Bonds and that the lien of any outstanding Prior Bonds is prior and superior to that of the Bonds, and shall act accordingly.

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 Net 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 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 of amendment of this Ordinance, or of any ordinance or resolution amendatory hereof or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of two-thirds percent (2/3%) or more in principal amount of the Primary Bonds and of the Supplemental Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional

promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 11.03. Repeal of Conflicting Ordinance. All ordinances, orders or resolutions, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed; provided, that no provision of the Prior Ordinance or the Series A Ordinance shall be repealed hereby so long as the Prior Bonds and the Series A Bonds are outstanding. So long as any of the Prior Bonds or the Series A Bonds is outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance or the Series A Ordinance and this Ordinance, the Prior Ordinance or the Series A Ordinance, as the case may be, shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of the more conservative provision at least complies with the conflicting provision.

Section 11.04. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Mayor, Recorder and members of the Town Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Effective Date. This Ordinance shall take effect after notice and public hearing hereon and otherwise in accordance with the Act.

First Reading:	October 27, 1987
Second Reading and Passage:	November 3, 1987
Public Hearing and Effective Date:	November 16, 1987

THE TOWN OF MOOREFIELD,
WEST VIRGINIA

E. O. Rexrode
Mayor

ATTEST:

[SEAL]

Recorder

EXHIBIT A

Item No. 20--Loan Agreement

EXHIBIT B

WASTEWATER TREATMENT PLANT RECONSTRUCTION
TOWN OF MOOREFIELD, HARDY COUNTY, WEST VIRGINIA

Project Description

The wastewater treatment facility consists of a raw sewage pumping station, comminutor, 12 acre oxidation pond, effluent structure, ultraviolet disinfection chamber, septage handling facility, and control building.

The purpose of the reconstruction project is to repair or modify all structures, equipment and facilities that were damaged by the flood of November, 1985. Significant plant modifications are described as follows:

1. Increasing the height of the lagoon berms by approximately two (2) feet to the 100-year flood level.

2. Protecting the south and west berms of the lagoon from future high water damage by the placement of stone rip-rap on the exterior slopes.

3. Placing a natural clay liner on the interior of the lagoon in place of the original synthetic liner that was damaged beyond repair.

4. Installing a bottom drain in the lagoon to facilitate emergency repairs.

5. Replacing the destroyed ultraviolet units with improved models that can operate under low head conditions without overflowing.

6. Modifying the UV structure so that equipment can be removed and replaced without dismantling the building.

EXHIBIT C

Item No. 21--Supplemental Loan Agreement

CERTIFICATE

I, the undersigned, 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 Bond and Line of Credit Ordinance duly adopted by the Council of the Town of Moorefield at its regular meeting on November 3, 1987.

Dated this 3rd day of November, 1987.

TOWN OF MOOREFIELD

Recorder

(Seal)

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 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 the 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 the 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 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; authorizing 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; 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 Subordinate Sewerage System Revenue Bonds, Series 1987, the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, 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 June 14, 1983, entitled "Ordinance authorizing the issuance of $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 the sewerage system;" and authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of the Town of Moorefield (the "Town"); authorizing the 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 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; 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; authorizing 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, all as more fully set out therein (said ordinance is hereinafter referred to as the "Ordinance"); and

WHEREAS, Chapter 16, Article 13, Section 6 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 Subordinate Sewerage System Revenue Bonds, Series 1987, the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, and the 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 acquired and constructed certain extensions, improvements and betterments to the existing public sewer facilities of the Town, consisting primarily of the repairing or modifying of all structures, equipment and facilities that were damaged by the flood of November, 1985 (the "Project") (the existing facilities, together with the Project and any further extensions, improvements and betterments thereto, are hereinafter referred to as the "System"). The estimated cost of the Project is $2,529,300, 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. Upon petition of the Sanitary Board of the Town, the Town authorized the 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 $225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Bonds"), and not more than $75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System 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 $64,000 in Sewer Revenue Bonds dated June 1, 1963 which have a first lien on the revenues of the System and $243,277 outstanding in Sewerage System Improvement Revenue Bonds, Series A (the "Series A Bonds") which have a second lien on the revenues of the System.

5. Determined that the Town is authorized to issue bonds on a parity with the second lien of the Series A Bonds; determined that the annual net revenues of the System prior to the issuance of the Bonds plus reasonably projected revenues from the rate increase and the improvements to be financed by the Bonds will be more than sufficient to comply with the Series A Bonds parity requirements; and provided that prior to the issuance of the Bonds, the Town shall receive a certificate from a certified public accountant that the net revenues prior to the issuance of the Bonds plus reasonably projected revenues from the rate increase and the improvements financed by the Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the Prior Bonds, the Series A Bonds, the Bonds and the Supplemental Bonds.

6. The Prior Bonds will rank superior to the Series A Bonds and the Bonds which will be on a parity as to lien and source and security for payment, provided that the Supplemental Bonds shall have a third lien on the revenue of the System subordinate and inferior to the lien of the Series A Bonds and the Bonds.

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 $500,000 (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 Note (the "Line of Credit Note").

9. Authorized to issuance by the Town of the Line of Credit Note in an amount not to exceed $500,000 for the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and, thus, financing a portion of the cost of acquisition and construction of the Project pending receipt of certain 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 twenty-four (24) months from the date thereof, subject to such further terms as set forth by the Line of 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 Account.

14. Provided that the Bonds shall have a lien on the net revenues of the System which is subordinate and inferior to the lien of the Prior Bonds, which is on a parity with the lien of the Series A Bonds but senior and superior to the lien of the Supplemental Bonds.

15. 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 Bonds, the Supplemental Bonds, the Prior Bonds, the Series A Bonds and any other bonds prior to or on a parity with each 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 3, 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 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 owners of real estate situate in the Town, 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

Mayor

[SEAL]

Recorder

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 committment 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 129.41

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 - SEWAGE PROJECT

was duly published in said newspaper once a week for 2 successive weeks, commencing with the issue of 4 day of Nov. 1987, and ending with the issue of the 11 day of Nov. 1987, (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., 1987.

My commission expires Dec. 10, 1996

OFFICIAL SEAL
LEWIS E. COBY, Notary Public
State of West Virginia
My Commission expires December 10, 1996
Rt. 1, Box 177, Moorefield, WV 26836

/s/ Lewis E. Coby
Notary Public of Hardy County, WV

ABSTRACT AND 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 aquired and constructed certain extensions, improvements and betterments to the existing public sewer facilities of the Town, consisting primarily of the repairing or modifying of all structures, equipment and facilities that were damaged by the flood of November, 1985 (the "Project") (the existing facilities, together with the Project and any further extensions, improvements and betterments thereto, are herein-after referred to as the "System"). The estimated cost of the Project is $2,529,300, 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. Upon petition of the Sanitary Board of the Town, the Town authorized the 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 $225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Bonds"), and not more than $75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System 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 $64,000 in Sewer Revenue Bonds dated June 1, 1963 which have a first lien on the revenues of the System and $243,277 outstanding in Sewerage System Improvement Revenue Bonds, Series A (the "Series A Bonds") which have a second lien on the revenues of the System.

5. Determined that the Town is authorized to issue bonds on a parity with the second lien of the Series A Bonds; determined that the annual net revenues of the System prior to the issuance of the Bonds plus reasonably projected revenues from the rate increase and the improvements to be financed by the Bonds will be more than sufficient to comply with the Series A Bonds parity requirements; and provided that prior to the issuance of the Bonds, the Town shall receive a certificate from a certified public accountant that the net revenues prior to the issuance of the Bonds plus reasonably projected revenues from the rate increase and the improvements financed by the Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the Prior Bonds, the Series A Bonds, the Bonds and the Supplemental Bonds.

6. The Prior Bonds will rank superior to the Series A Bonds and the Bonds which will be on a parity as to lien and source and security for payment, provided that the Supplemental Bonds shall have a third lien on the revenue of the System subordinate and inferior to the lien of the Series A Bonds and the Bonds.

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 $500,000 (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 to issuance by the Town of the Line of Credit Note in an amount not to exceed $500,000 for the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and, thus, financing a portion of the cost of acquisition and construction of the Project pending receipt of certain 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 twenty-four (24) months from the date thereof, subject to such further terms as set forth by the Line of 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 Account.

14. Provided that the Bonds shall have a lien on the net revenues of the System which is subordinate and inferior to the lien of the Prior Bonds, which is on a parity with the lien of the Series A Bonds but senior and superior to the lien of the Supplemental Bonds.

15. 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 changes 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 Bonds, the Supplemental Bonds, the Prior Bonds, the Series A Bonds and any other bonds prior to or on a parity with each 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 services.

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 Sewer 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, of the Sewer System of the Town, as defined in Article I, Section 102 of the Ordinance passed by the Council of the Town on June 14, 1983 (the "1983 Ordinance") authorizing the Town's Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, and we have reviewed the Ordinance enacted by the Town on June 29, 1963, providing for the issuance of the Town's Revenue Bonds, dated June 1, 1963 (the "1963 Bonds"). We have also reviewed Section 401 (b)(v) of the Loan Agreement between the Town and the West Virginia Water Development Authority dated May 22, 1985. We have also reviewed the schedule of debt service requirements for the 1963 Bonds and the 1986 Bonds and the Schedule of Debt Service Requirements included as an exhibit to the Bond and Line of Credit Ordinance (the "1987 Ordinance") of the Town passed on November 3, 1987 for the Town's Subordinate Sewer Revenue Bonds, Series 1987, to be dated November 20, 1987 (the "Series 1987 Bonds").

In our opinion, the Net Revenues, as defined in the 1983 Ordinance, referred to in the preceding paragraph of the Sewer System of the Town, plus reasonably projected revenues from the rate increase enacted on September 1, 1987 will not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all the 1963 Bonds and 1986 Bonds now outstanding, which are all the obligations secured by or payable from the revenues of the System prior to the Series 1987 Bonds, and the Series 1987 Bonds to be issued pursuant to the 1987 Ordinance referred 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 November 4th, 1987 putting Ordinance into effect.

Phyllis J. Sherman

Date: 11/20/87

EXHIBIT A

Item No. 15--Affidavit of Publication

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 June 14, 1983 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 Subordinate Sewerage System Revenue Bonds, Series 1987, and the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, the authorization an irrevocable line of credit in an amount not to exceed $500,000, 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 Subordinate Sewerage System Revenue Bonds, Series 1987, the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, and the line of credit be issued as provided therein.

WHEREAS, the Council of the Town of Moorefield, West Virginia (the "Council"), on November 3, 1987, passed an Ordinance supplementing an ordinance adopted by the Council on June 14, 1983 (the "Ordinance"), which authorized the acquisition and construction of certain extensions, improvements and betterments to the existing public sewer facilities of the Town of Moorefield, West Virginia (the "Town"); authorized the 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 (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, 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 for the rights and remedies of and security for the registered owners of such Bonds; authorized the establishment of an irrevocable line of credit in an amount not to exceed $500,000 (the "Line of Credit") 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 16, Article 13, Section 6, of the Code of West

Virginia, 1931, as amended (the "Act"), directed the Recorder of 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 authorization of the 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, 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 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 Office, 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 owners of real estate situate in 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 Line of Credit described therein shall be issued 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]

L.K.

Larry Kuykendall, Mayor

Phyllis Sherman, 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 Supplemental Resolution dated November 16, 1987.

Phyllis J. Sherman

Date: 11/20/87

19

Supplemental Resolution
re Bond and Line of Credit Ordinance (Sewer)

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.

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 11, 1987, an Ordinance (the "Ordinance"), entitled:

> 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 an security for the registered owners of

such Bonds; authorizing 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.

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 $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 (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 authorizes the issuance of a note to evidence the Town's obligation to repay any draws on an irrevocable line of credit amount not to exceed $500,000 (the "Credit Line Note"); and

WHEREAS, the Council deems that it is in the best interest of the Town to issue the Credit Line Note 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 Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), of the Town in the aggregate principal amount of $156,720 and the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the Town in the aggregate principal amount of $38,440, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Subordinate 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 $156,720. The Subordinate 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 Subordinate 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 $38,440. 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 instructs the Depository Bank to deposit the proceeds of the Bonds in time certificates of deposit as are described in Section 1.01(TT) of the Ordinance and to continue such investments until instructed otherwise by the Council.

(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 and the Sanitary Board 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 Subordinate Bonds with proceeds of the Subordinate Bonds. Accordingly, the Town hereby directs that no proceeds of the Bonds be deposited with the West Virginia Municipal Bond Commission.

(9) The Council hereby determines not to fund the Reserve Account or the Supplemental Reserve Account. Accordingly, the Town hereby directs that no proceeds of the Bonds be placed in said reserve accounts.

(10) The Council hereby determines that it is appropriate at this time to enter into the irrevocable line of credit in an amount not to exceed $500,000 and with such other terms as are set forth in the Ordinance. The Mayor and Recorder of the Town are hereby authorized to enter into a line

of credit agreement with the South Branch Valley National Bank and to execute the line of credit agreement and such other documents and certificates required or desirable in connection with the issuance of the 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: _____
Larry Kuykendall, Mayor

ATTEST:

[Seal]

_____
Phyllis J. Sherman, Recorder

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 156,720

Purchase Price of Local Bonds $ 156,720

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:

$245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds, Series A issued January 10, 1986

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:

$145,000 Sewerage Revenue Bonds dated January 1, 1963

EXHIBIT A

TOWN OF MOOREFIELD (SEWER)
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	8.38		11,345.57	11,345.57
1989	8.38	647	13,133.14	13,780.14
1990	8.38	702	13,078.92	13,780.92
1991	8.38	761	13,020.09	13,781.09
1992	8.38	824	12,956.32	13,780.32
1993	8.38	893	12,887.27	13,780.27
1994	8.38	968	12,812.43	13,780.43
1995	8.38	1,049	12,731.32	13,780.32
1996	8.38	1,137	12,643.41	13,780.41
1997	8.38	1,233	12,548.13	13,781.13
1998	8.38	1,336	12,444.80	13,780.80
1999	8.38	1,448	12,332.85	13,780.85
2000	8.38	1,569	12,211.50	13,780.50
2001	8.38	1,701	12,080.02	13,781.02
2002	8.38	1,843	11,937.48	13,780.48
2003	8.38	1,998	11,783.03	13,781.03
2004	8.38	2,165	11,615.60	13,780.60
2005	8.38	2,346	11,434.17	13,780.17
2006	8.38	2,543	11,237.58	13,780.58
2007	8.38	2,756	11,024.48	13,780.48
2008	8.38	2,987	10,793.52	13,780.52
2009	8.38	3,237	10,543.21	13,780.21
2010	8.38	3,509	10,271.95	13,780.95
2011	8.38	3,803	9,977.90	13,780.90
2012	8.38	4,121	9,659.21	13,780.21
2013	8.38	4,467	9,313.87	13,780.87
2014	8.38	4,841	8,939.53	13,780.53
2015	8.38	5,247	8,533.86	13,780.86
2016	8.38	5,686	8,094.16	13,780.16
2017	8.38	6,163	7,617.67	13,780.67
2018	8.38	6,679	7,101.21	13,780.21
2019	8.38	7,239	6,541.51	13,780.51
2020	8.38	7,846	5,934.88	13,780.88
2021	8.38	8,503	5,277.39	13,780.39
2022	8.38	9,216	4,564.84	13,780.84
2023	8.38	9,988	3,792.54	13,780.54
2024	8.38	10,825	2,955.54	13,780.54
2025	8.38	11,732	2,048.41	13,780.41
2026	8.38	12,712	1,065.27	13,777.27
		156,720	378,284.58	535,004.58

EXHIBIT 1

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 38,440
Purchase Price of Supplemental Bonds	$ 38,440

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:

$145,000 Sewer Revenue Bonds dated June 1, 1963

$245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds Series A issued January 10, 1986

EXHIBIT B

TOWN OF MOOREFIELD - SEWER
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	ZERO COUPON BONDS
	.00
1988	.00
1989	1,011.54
1990	1,011.58
1991	1,011.58
1992	1,011.58
1993	1,011.58
1994	1,011.58
1995	1,011.58
1996	1,011.58
1997	1,011.58
1998	1,011.58
1999	1,011.58
2000	1,011.58
2001	1,011.58
2002	1,011.58
2003	1,011.58
2004	1,011.58
2005	1,011.58
2006	1,011.58
2007	1,011.58
2008	1,011.58
2009	1,011.58
2010	1,011.58
2011	1,011.58
2012	1,011.58
2013	1,011.58
2014	1,011.58
2015	1,011.58
2016	1,011.58
2017	1,011.58
2018	1,011.58
2019	1,011.58
2020	1,011.58
2021	1,011.58
2022	1,011.58
2023	1,011.58
2024	1,011.58
2025	1,011.58
2026	1,011.58
	38,440

EXHIBIT I

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, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its $156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), in the form of one bond numbered R-1, and its $38,440 in aggregate principal amount of Supplemental Subordinate Sewerage System 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 Governmnetal 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 Subordinate 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 tis 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
Summers and Lee Streets
Box 1793
Charleston, West Virginia 25326
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

Sewer

WDA-5
(October 1986)

RECEIVED
AUG 10 1987
WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

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

TOWN OF 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 _____
Its Mayor

Attest:

_____
Its Recorder

Date: August 4, 1987

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: OCTOBER 15, 1987

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 156,720

Purchase Price of Local Bonds $ 156,720

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:

TOWN OF MOOREFIELD (SEWER)
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	8.38		11,345.57	11,345.57
1989	8.38	647	13,133.14	13,780.14
1990	8.38	702	13,078.92	13,780.92
1991	8.38	761	13,020.09	13,781.09
1992	8.38	824	12,956.32	13,780.32
1993	8.38	893	12,887.27	13,780.27
1994	8.38	968	12,812.43	13,780.43
1995	8.38	1,049	12,731.32	13,780.32
1996	8.38	1,137	12,643.41	13,780.41
1997	8.38	1,233	12,548.13	13,781.13
1998	8.38	1,336	12,444.80	13,780.80
1999	8.38	1,448	12,332.85	13,780.85
2000	8.38	1,569	12,211.50	13,780.50
2001	8.38	1,701	12,080.02	13,781.02
2002	8.38	1,843	11,937.48	13,780.48
2003	8.38	1,998	11,783.03	13,781.03
2004	8.38	2,165	11,615.60	13,780.60
2005	8.38	2,346	11,434.17	13,780.17
2006	8.38	2,543	11,237.58	13,780.58
2007	8.38	2,756	11,024.48	13,780.48
2008	8.38	2,987	10,793.52	13,780.52
2009	8.38	3,237	10,543.21	13,780.21
2010	8.38	3,509	10,271.95	13,780.95
2011	8.38	3,803	9,977.90	13,780.90
2012	8.38	4,121	9,659.21	13,780.21
2013	8.38	4,467	9,313.87	13,780.87
2014	8.38	4,841	8,939.53	13,780.53
2015	8.38	5,247	8,533.86	13,780.86
2016	8.38	5,686	8,094.16	13,780.16
2017	8.38	6,163	7,617.67	13,780.67
2018	8.38	6,679	7,101.21	13,780.21
2019	8.38	7,239	6,541.51	13,780.51
2020	8.38	7,846	5,934.88	13,780.88
2021	8.38	8,503	5,277.39	13,780.39
2022	8.38	9,216	4,564.84	13,780.84
2023	8.38	9,988	3,792.54	13,780.54
2024	8.38	10,825	2,955.54	13,780.54
2025	8.38	11,732	2,048.41	13,780.41
2026	8.38	12,712	1,065.27	13,777.27
		156,720	378,284.58	535,004.58

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof 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;

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

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

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

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

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the

services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

7. 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.

WDA-Supp. 5
(October 1986)

RECEIVED
AUG 10 1987
WATER DEVELOPMENT AUTHORITY

SUPPLEMENTAL LOAN AGREEMENT

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

TOWN OF 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 of or interest on the Supplemental Bonds, the right to obtain the

appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

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

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

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

(xiv) That the proceeds of the Supplemental Bonds, except 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 _____
Its Mayor

Attest:

_____
Its Recorder

Date: August 4, 1987

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: OCTOBER 15, 1987

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 38,440
Purchase Price of Supplemental Bonds	$ 38,440

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 - SEWER
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
---------- 1986 SERIES A BONDS ----------

PERIOD ENDING 10/1	ZERO COUPON BONDS
	.00
1988	.00
1989	1,011.54
1990	1,011.58
1991	1,011.58
1992	1,011.58
1993	1,011.58
1994	1,011.58
1995	1,011.58
1996	1,011.58
1997	1,011.58
1998	1,011.58
1999	1,011.58
2000	1,011.58
2001	1,011.58
2002	1,011.58
2003	1,011.58
2004	1,011.58
2005	1,011.58
2006	1,011.58
2007	1,011.58
2008	1,011.58
2009	1,011.58
2010	1,011.58
2011	1,011.58
2012	1,011.58
2013	1,011.58
2014	1,011.58
2015	1,011.58
2016	1,011.58
2017	1,011.58
2018	1,011.58
2019	1,011.58
2020	1,011.58
2021	1,011.58
2022	1,011.58
2023	1,011.58
2024	1,011.58
2025	1,011.58
2026	1,011.58
	38,440

SCHEDULE Y
REVENUES

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

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

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof 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;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount 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;

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

3. "System" means the works for the collection and/or treatment, purification and disposal of sewage, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

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

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

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

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental

Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

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

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

EXHIBIT A

Item No. 20 -- Loan Agreement

STATE OF WEST VIRGINIA,

COUNTY OF KANAWHA, to-wit:

I, HOWARD M. CUNNINGHAM, Executive Secretary of the Public Service Commission of West Virginia, certify that the attached is a true and complete copy of a Final Order entered by the Commission on October 21, 1987, in Case No. 87-310-S-CN, Town of Moorefield, as the same appears on file and of record in my office.

Given under my hand and the seal of The Public Service Commission of West Virginia, in the City of Charleston, this 23rd day of October, 1987.

HOWARD M. CUNNINGHAM
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: October 21, 1987

CASE NO. 87-310-S-CN

TOWN OF MOOREFIELD, a municipal corporation, Hardy County.
Application for a certificate of convenience and necessity to reconstruct the Wastewater Treatment Plant and lagoon damaged by the November, 1985 Flood, at Moorefield, Hardy County.

FINAL ORDER

On May 21, 1987, the Town of Moorefield, a municipal corporation, Hardy County, filed an application, duly verified, for a certificate of convenience and necessity to reconstruct its 12-acre oxidation pond; replace two surface aerators, cumminutor and ultraviolet light disinfection equipment; and to repair miscellaneous electrical and piping work as necessary, all as a result of the flood damage experienced by the sewer facilities during the November, 1985 flood. The construction will cost approximately $2,179,500 and will be financed by the Federal Emergency Management Agency (FEMA) in the amount of $1,596,700; a grant from the Environmental Protection Agency (EPA) in the amount of $437,100 and a loan from the Water Development Authority (WDA) in the amount of $145,700.

According to the application, the Town's system was destroyed by the November, 1985 flood and there is currently little or no treatment of the Town's sewage. The application also indicated that the Town's current rates are sufficient to cover the cost of reconstruction, since most funding will be provided by FEMA. Additionally, the application indicated

that a Rule 42 Exhibit would be completed to verify that the current rates will sufficiently cover the reconstruction and operation and maintenance costs of the completed plant. The application requested that the certificate of convenience and necessity be granted so that the Town can provide proper sewage treatment for the residents of Moorefield and so that the Town will be in compliance with the Clean Water Act of 1972. Attached to the application was a bid tabulation of the rebid of the project, a project schedule for the reconstruction of the system and damage survey reports from FEMA regarding the share of the project to be financed by FEMA, along with a FEMA project summary.

Also on May 21, 1987, the Public Service Commission entered an order in this proceeding, requiring the Town of Moorefield to give notice of the filing of the application by publishing a copy of the Commission's order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hardy County, making due return to the Commission of proper certification of publication immediately thereafter. Anyone desiring to make objection to the application was given leave to file written protest to the project within thirty days after the publication of the notice. The order further provided that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application of the Town of Moorefield based upon the information submitted with the application and its review thereof.

On June 15, 1987, the Town of Moorefield submitted the Rule 42 Exhibit for its reconstruction project. On September 22, 1987, the Town submitted an agreement from the EPA regarding approved additional funding for the Town's wastewater treatment project. On October 3, 1987, the Town submitted additional information. This additional information indicated that

FEMA will now be providing grant funds in the amount of $1,769,275 and the EPA will be providing funds in the amount of $566,865. WDA loan funds in the amount of $195,160 will now be required for the project. Also included with the information submitted on October 3, 1987, were the damage survey report data sheets prepared by FEMA covering the cost of the various elements of the project which FEMA will be financing.

On October 8, 1987, the Town submitted an Affidavit of Publication from The Moorefield Examiner, a newspaper published and of general circulation in Hardy County, indicating that the Notice of Filing Order entered by the Commission on May 21, 1987, was published in that newspaper on May 27, 1987 and June 3, 1987, as required. The last date for the filing of written protests to this application expired on July 3, 1987, with no written protests having been filed with the Commission, either at that time or as of the date of this order.

On October 20, 1987, Staff Attorney Robert M. Adkins submitted the Joint Staff Memorandum in this proceeding. Attached to Mr. Adkins' Joint Staff Memorandum is an Internal Memorandum dated October 9, 1987, from Brian S. Donat, Utilities Financial Analyst, Special Studies Section, Utilities Division, and an Internal Memorandum dated October 15, 1987, from C. E. Windham, Jr., an Engineer with the Water and Sewer Section of the Utilities Division.

According to Mr. Adkins, this project is the result of damage to the Town's existing system during the major flood of 1985 and Commission Staff is recommending approval of the application. Since no protests have been filed to the application, Staff is recommending that hearing be waived. Further, Mr. Adkins pointed out that part of the funding for the project

involves a loan of $195,160 from the WDA at 7% interest. The deadline for closing on the 7% money is November 22, 1987.

According to the Internal Memorandum from Mr. Donat, the Town Council adopted a municipal ordinance on October 13, 1987, allowing for an increase in rates of approximately 37-1/2% for furnishing sewage service to the Town's customers. According to Mr. Donat, the rates are adequate to meet the cash flow needs of the system and no protests to the proposed rates have been filed. However, Staff pointed out that the rates adopted by the Town seem to produce a substantial cash flow surplus under current conditions. Staff has reservations regarding the size of the rate increase and recommends that the Town monitor its cash flow and adjust it as it deems necessary. Mr. Donat also recommends that the Town remove the minimum monthly charge for multiple dwellings from the tariff, since those provisions are against Commission policy. According to Mr. Donat, Staff believes that the Town has shown a need for the project and that the project plans have met with Department of Natural Resources' (DNR) approval. Further, funding seems to be complete and adequate for meeting the financial demands of the project.

According to the Internal Memorandum from Mr. Windham, the project has been divided into two contract parts, with the first contract dealing with lagoon reconstruction and the second contract dealing with equipment and site reconstruction. As a result of the 1985 flood, Mr. Windham believes that need has been properly demonstrated. Additionally, Commission Staff believes that the project has been designed in accordance with current engineering practices, since the application included the DNR's August 1, 1986 Letter of Approval for the project. Mr. Windham indicated that the

Staff review of the plans and specifications has revealed that there are no obvious conflicts with any Public Service Commission rules or regulations.

Upon consideration of all of the above, the Administrative Law Judge (ALJ) is of the opinion that a certificate of convenience and necessity should be granted to the Town of Moorefield for the project set forth in its application filed in this proceeding on May 21, 1987. Public convenience and necessity require the proposed project as a result of the damage to the Town's wastewater treatment system in the November, 1985 flood, as adequately demonstrated by supporting documents submitted with the application and subsequent to the filing of the application. The project is economically feasible since it is primarily funded through grant funds from FEMA and EPA and since the project has obtained a WDA loan commitment in the amount of $195,160 at 7% interest. Further, the Town has passed a municipal ordinance providing rates that are more than adequate to cover the cost of reconstruction and subsequent operation and maintenance expenses for the wastewater treatment facilities. Additionally, the project appears to be feasible from an engineering standpoint since the application included a Letter of Approval from the DNR dated August 1, 1986, and since Commission Staff has reviewed the plans and specifications and has determined that there are no obvious conflicts with Public Service Commission rules and regulations. Finally, notice of the project has been given to the Town's customers and no protests have been filed to the application.

FINDINGS OF FACT

1. The Town of Moorefield's wastewater treatment facilities were destroyed by the flood of November, 1985, and there is currently little or

no treatment of the Town of Moorefield's sewage. (Application filed May 21, 1987, p. 2).

2. The project is fully financed by grants from FEMA in the amount of $1,769,275 and the EPA in the amount of $566,865 and through a loan from the WDA in the amount of $195,160. (Internal Memorandum dated October 9, 1987, from Brian S. Donat, Utilities Financial Analyst, to Staff Attorney Adkins, p. 1).

3. The project is adequately designed in accordance with current engineering practices and standards. (Internal Memorandum dated October 15, 1987, from C. E. Windham, Jr., P.E., Water and Sewer Section, Utilities Division, to Staff Attorney Adkins, p. 2).

4. Notice of the application and funding of the project was duly provided to the customers of the Town of Moorefield's wastewater treatment facilities by publication and no protests have been filed with the Commission in response thereto. (Affidavit of Publication filed October 8, 1987).

CONCLUSIONS OF LAW

1. Public convenience and necessity require that a certificate be granted to the Town of Moorefield for the reconstruction of its wastewater treatment facilities, as set forth in its application filed in this proceeding on May 21, 1987.

2. The financing for the project, as set forth in the various filings made in this proceeding, and as detailed in the Joint Staff Memorandum filed on October 20, 1987, including the attachments thereto, is reasonable and adequate.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Town of Moorefield for the reconstruction of its wastewater treatment facilities, as more particularly set forth in its application filed in this proceeding on May 21, 1987, and in subsequent documentation filed with the Public Service Commission regarding this project.

IT IS FURTHER ORDERED that the financing for the project in the form of a FEMA grant in the amount of $1,769,275; an EPA grant in the amount of $566,865; and a WDA loan in the amount of $195,160 be, and it hereby is, approved.

IT IS FURTHER ORDERED that hearing on this application be waived since notice of the application has been given as required with no protests having been filed in response thereto.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon all parties to this proceeding 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 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.

Melissa K. Marland

Melissa K. Marland
Deputy Chief Administrative Law Judge

MKM:dfs

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 EPA Grant Amendment dated Sept 11, 1987

Phyllis J. Sherman

Date: 11/20/87

23

a. GENERAL CONDITIONS

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

b. SPECIAL CONDITIONS

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

A. Part III, Special Conditions 1b, 1d, 2, 3, 4, 5 and 9 are hereby deleted in their entirety and the following substituted in lieu thereof:

"1b. Grant Payment Milestones (40 CFR 35.2206)

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

	Orig. Project	Reconstruction	
Final Plan of Operation Approval	02/84	08/87	
Operation and Maintenance Manual Approval	04/85	Draft 12/87	Final 06/88

1d. Project Schedule

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

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

Continued.....

3. Project Initiation (40 CFR 35.2212)

Construction is expected to be initiated on the following schedule.

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

		Date	
		Orig. Project	Reconstruction
Plans and Specifications approval		08/82	09/86
Bid Advertisement		02/83	09/86
Construction Contract Award		07/83	03/87
Construction Start (NTP)		07/83	04/87

4. Sewer Use Ordinance and User Charge System (40 CFR 35.2208)

The sewer use ordinance must be adopted, and the user charge system implemented, before the system is placed in operation. The following dates represent an estimate of that operational date.

Sewer Use Ordinance Adoption	08/82
User Charge System Implementation	07/84

5. Project Performance (40 CFR 35.2218)

Federal Regulations place special emphasis on the performance of the project. It is vitally important that the facility performs as designed and on schedule. The grantee, therefore, agrees to initiate operation and certify performance by the dates below. It is likewise important that the final Federal share of the project be determined at the earliest possible date. The grantee, therefore, agrees to submit its request for final payment in accordance with this schedule.

	Orig. Project	Reconstruction
Initiation of Operation	01/85	06/88
Project Performance Certification	N/A	06/89
Final Payment Request	11/86 (Interim)	06/89

9. Award Restrictions

The grantee agrees that no portion of this award will be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74."

B. Part III, Special Conditions, is hereby amended by adding the following:

"10. Notice of Building Completion (40 CFR 35.2216)

Grantee agrees to notify the State when construction is completed and also agrees to submit a preliminary final payment request on schedule.

Grantee's request to State for final physical inspection	04/85	Orig. Project
	06/88	Reconstruction
Preliminary Final Payment Request	05/85	Orig. Project
	06/88	Reconstruction

11. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

12. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, attn: EEO Specialist, EPA, Region III, a completed Standard Form 334 within 30 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements for building and building-related services and supplies.

13. Audit Requirement

The recipient agrees that it will comply with the provisions of OMB Circular A-128 governing the audit of State and local government recipients of Federal assistance for fiscal years that begin after December 31, 1984. (This requirement replaces 40 CFR 30.540(b) which is based on OMB Circular A-102, Attachment P.)"

All other terms and conditions remain unchanged.

b. SPECIAL CONDITIONS *(Continued)*

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers ~~assistance~~ amendment to the Town of Moorefield (RECIPIENT ORGANIZATION) for 75 % of all approved costs incurred up to and not exceeding $ 2,236,950 (ASSISTANCE AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540322-02 Town of Moorefield (DATE AND TITLE) included herein by reference.

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Branch (3PM70) 841 Chestnut Building Philadelphia, Pennsylvania 19107	ORGANIZATION/ADDRESS Environmental Protection Agency Water Management Division (3WM00) 841 Chestnut Building Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
	James M. Seif, Regional Administrator	SEP 11 1987

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
	Larry D. Kuykendall, Mayor	Sept. 24, 1987

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

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540322-02-2	Three-C
3. DATE OF AWARD	4. MAILING DATE
SEP 11 1987	SEP 18 1987

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement		Send Payment Request To: Grants Management Branch	Increase/Revision
Assistance Amendment	X		

RECIPIENT ORGANIZATION

8. RECIPIENT
Town of Moorefield
Town Hall
Moorefield, West Virginia 26836

9. PAYEE
Town of Moorefield
Town Hall
Moorefield, West Virginia 26836

EIN NO.: 55-6000214
CONGRESSIONAL DISTRICT: 2nd

10. RECIPIENT TYPE: City

11. PROJECT MANAGER AND TELEPHONE NO.
Larry D. Kuykendall
Mayor
(304) 538-6142

12. CONSULTANT *(WWT Construction Grants Only)*
William Pallavicini, P.E.
21 Judy Street
Petersburg, West Virginia 26847
(304) 257-1388

EPA CONTACT

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
R. Fenton Roudabush, Chief
Virginia-West Virginia Section
(215) 597-9131

15. EPA CONGRESSIONAL LIAISON & TEL. NO.	16. STATE APPL ID *(Clearinghouse)*	17. FIELD OF SCIENCE	18. PROJECT STEP *(WWT CG Only)*
Patricia Gaskins (202) 382-5184	74051016	N/A	III

19. STATUTORY AUTHORITY	20. REGULATORY AUTHORITY
Clean Water Act, Title II	40 CFR Parts 30 & 35

21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*

a. Treatment Level	3	
b. Project Type	ICT	
c. Treatment Process	4	
d. Sludge Design	5	

22. PROJECT TITLE AND DESCRIPTION
This amendment is based on the review of the interim final payment request and the construction bids for treatment plant corrections due to flood damage.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Moorefield	Hardy	WV	2nd

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	09/82 - 06/89	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
2,700	N/A	2,982,600

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	1,644,000	+ 592,950	2,236,950
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost	2,192,000	+ 790,600	2,982,600

39. FISCAL

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GRAW80	86-C	68X0103.J	W86C18	NGRA036006	41.11	$592,950

PART II–APPROVED BUDGET

ASSISTANCE IDENTIFICATION NO. C-540322-02-2

TABLE A – OBJECT CLASS CATEGORY (Non–construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ___ %. Federal ___ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE B – PROGRAM ELEMENT CLASSIFICATION (Non–construction)	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12. TOTAL (Share: Recipient ___ %. Federal ___ %)	
13. TOTAL APPROVED ASSISTANCE AMOUNT	$ N/A
TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE	1,928
3. LAND STRUCTURES, RIGHT–OF–WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	82,244
5. OTHER ARCHITECTURAL ENGINEERING FEES	89,014
6. PROJECT INSPECTION FEES	251,567
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	2,523,983
12. EQUIPMENT	4,422
13. MISCELLANEOUS	
14. TOTAL (Lines 1 thru 13)	
15. ESTIMATED INCOME (If applicable)	
16. NET PROJECT AMOUNT (Line 14 minus 15)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	29,442
19. TOTAL (Share: Recipient 25 %. Federal 75 %)	2,982,600
20. TOTAL APPROVED ASSISTANCE AMOUNT	$ 2,236,950

CERTIFICATE

Certified to be a true and correct copy of that certain Assistance Agreement awarded September 27, 1982 by the United States Environmental Protection Agency to the Town of Moorefield, West Virginia, duly filed and of record in the office of the Recorder of the Town of Moorefield, West Virginia.

Given under my hand and the official seal of the Town of Moorefield, West Virginia, this 25th day of July, 1983.

RECORDER

(S E A L)

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III
6TH AND WALNUT STREETS
PHILADELPHIA, PENNSYLVANIA 19106

OCT 04 1982

CERTIFIED MAIL

Re: C-540322-02
Town of Moorefield

OCT 7 1982

Honorable Lester R. Smith
Mayor of the Town of Moorefield
Town Hall
Moorefield, West Virginia 26836

Dear Mayor Smith:

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

The grant award is for an amount not to exceed $2,642,250, and is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Code of Federal Regulations, 40 CFR, Parts 30 and 35, are forwarded for your reference.

The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Mr. Frank Snock. Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

The Huntington District U.S. Army Corps of Engineers will be assisting both the State and this office in administering Step 3 program activities of this grant. Should you desire to communicate with the Corps, you may reach Mr. Wes King at 304/529-5282.

Sincerely yours,

Greene A. Jones, Director
Water Management Division

Enclosures

cc: Mr. Warren Means, WVDNR
Mr. Edgar Henry, WDA
Mr. Wes King, COE
Kelley, Gidley, Blair, & Wolfe, Inc.

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

1. ASSISTANCE ID NO.	2. LOG NUMBER
C-540322-02-0	Three-C-
3. DATE OF AWARD: SEP 27 1982	4. MAILING DATE: OCT 04 1982

5. AGREEMENT TYPE		6. PAYMENT METHOD	7. TYPE OF ACTION
Cooperative Agreement		☐ Advance ☒ Reimbursement ☐ Letter of Credit	
Grant Agreement	X	Send Payment Request To: Grants Management Section	Continuation
Assistance Amendment			

RECIPIENT ORGANIZATION

8. RECIPIENT
Town of Moorefield
Town Hall
Moorefield, West Virginia 26836

9. PAYEE
Town of Moorefield
Town Hall
Moorefield, West Virginia 26836

EIN NO.: 55-6000214
CONGRESSIONAL DISTRICT: 2

10. RECIPIENT TYPE: City

EPA CONTACT

11. PROJECT MANAGER AND TELEPHONE NO.
Lester R. Smith
Mayor
304/538-6142

12. CONSULTANT *(WWT Construction Grants Only)*
Kelley, Gidley, Blair & Wolfe, Inc.
550 Egan Street
Charleston, West Virginia 25301

13. ISSUING OFFICE *(City/State)*
Philadelphia, Pennsylvania

14. EPA PROJECT/STATE OFFICER AND TELEPHONE NO.
James B. Topsale
Team Leader, West Virginia Section
215/597-3839

15. EPA CONGRESSIONAL LIAISON & TEL. NO.
Patricia Gaskins 202/382-5184

16. STATE APPL ID *(Clearinghouse)*: 74051016

17. FIELD OF SCIENCE: N/A

18. PROJECT STEP *(WWT CG Only)*: 3

19. STATUTORY AUTHORITY
Clean Water Act

20. REGULATORY AUTHORITY
40 CFR Part 35

21. STEP 2 + 3 & STEP 3 *(WWT Construction Only)*

a. Treatment Level	3	
b. Project Type	ICT	
c. Treatment Process	4	
d. Sludge Design	5	

22. PROJECT TITLE AND DESCRIPTION
The Step 3 project consist of upgrading the existing primary treatment plant to secondary treatment, the modification of several existing lift stations and construction of new gravity sewers, force main and three new lift stations for the Town of Moorefield, W. Va. The eligible project includes allowable associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement.

23. PROJECT LOCATION *(Areas Impacted by Project)*

City/Place	County	State	Congressional District
Moorefield	Hardy	WV	2

24. ASSISTANCE PROGRAM *(CFDA Program No. & Title)*	25. PROJECT PERIOD	26. BUDGET PERIOD
66.418	Oct. 1982 - April 85	N/A

27. COMMUNITY POPULATION *(WWT CG Only)*	28. TOTAL BUDGET PERIOD COST	29. TOTAL PROJECT PERIOD COST
2,700	N/A	$3,523,000

FUNDS	FORMER AWARD	THIS ACTION	AMENDED TOTAL
30. EPA Amount This Action	N/A	$2,642,250	$2,642,250
31. EPA In-Kind Amount			
32. Unexpended Prior Year Balance			
33. Other Federal Funds			
34. Recipient Contribution			
35. State Contribution			
36. Local Contribution			
37. Other Contribution			
38. Allowable Project Cost	N/A	$3,523,000	$3,523,000

Program Element	FY	Appropriation	Doc. Control No.	Account Number	Object Class	Obligation/Deoblig. Amount
GHQW80	78R	68X0103.A	W78203	FGHQ036006	41.11	$ 31,653
GHPW80	79R	68X0103.B	WV7907	FGHP036006	41.11	$2,530,088
GHNW80	80R	68X0103.C	W80201	FGHN036006	41.11	$ 80,509

RT II–APPROVED BUDGET

ASSISTANCE IDENTIFICATION NO. C-540322-02-0

TABLE A – OBJECT CLASS CATEGORY (Non–construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
NNEL	
GE BENEFITS	N/A
AVEL	
QUIPMENT	
SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. TOTAL (Share: Recipient ____ % Federal ____ %)	
12. TOTAL APPROVED ASSISTANCE AMOUNT	$

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

TABLE C – PROGRAM ELEMENT CLASSIFICATION (Construction)	
ADMINISTRATION EXPENSE	
PRELIMINARY EXPENSE	9,146
LAND STRUCTURES, RIGHT-OF-WAY	
ARCHITECTURAL ENGINEERING BASIC FEES	
OTHER ARCHITECTURAL ENGINEERING FEES	103,807
PROJECT INSPECTION FEES	128,684
LAND DEVELOPMENT	205,511
RELOCATION EXPENSES	
RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
DEMOLITION AND REMOVAL	
CONSTRUCTION AND PROJECT IMPROVEMENT	
EQUIPMENT	2,796,280
MISCELLANEOUS	
TOTAL (Lines 1 thru 13)	
ESTIMATED INCOME (If applicable)	
NET PROJECT AMOUNT (Line 14 minus 15)	
ESS NELIGIBLE EXCLUSIONS	
ADL ONTINGENCIES	
TOTAL (Share: Recipient 25 % Federal 75 %)	279,572 3,523,000
TOTAL APPROVED ASSISTANCE AMOUNT	$ 2,642,250

Form 5700-20A (Rev. 8-79)

.AL CONDITIONS

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

b. SPECIAL CONDITIONS

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

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

1. Regulations Affecting Federal Grant Payments

   a. Payment shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33 Subpart A.

   b. The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).

   c. Payments shall be made in accordance with 40 CFR 35.2300.

   d. The grantee may submit requests for payment in accordance with the payment schedule dated August 1982 and submitted in conjunction with the construction grant application. The schedule can be amended by an exchange of letters between the grantee and the Project Officer.

2. Project Schedule Changes

   For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in the building completion date as referenced in 40 CFR 35.2216 and the initiation of project operation date. The latter date is considered, at the time of this grant, to be April 1984. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

   The grantee agrees to initiate the building of all significant elements of the project within 9 months of the date of this grant award (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-ways are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one (1) year after the initiation of operation whether the project is capable of meeting the project performance standards [40 CFR 35.2214(d)].

6. Subagreements and Contracts

a. The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.

b. A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

c. The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

7. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

8. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review and final determination of the Grant Approving official.

ITIONS (Continued)

rd Restrictions

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607 (a) of Public Law 96-74.

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters awards and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

ipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/~~[illegible]~~ to the Town of Mooretield (RECIPIENT ORGANIZATION) for 75 % of all approved costs incurred up to and not exceeding $ 2,642,250 (ASSISTANCE AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540322-02 Town of Moorefield 8/20/82 (DATE AND TITLE) included herein by reference.

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION/ADDRESS nvironmental Protection Agency Water Management Division (3WM00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION/ADDRESS Environmental Protection Agency Grants Management Section (3PM32) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Peter N. Bibko	Peter N. Bibko Regional Administrator	SEP 27 1982

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2, the recipient agrees a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of the agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
Lester R. Smith	Lester R. Smith, Mayor	10-19-82

GDR → TJB
RWK
JLD

RE[illegible] E
J[illegible] '83
JUL 13 1983
[illegible]LEY, I
[illegible]FE, IN
[illegible]NG ENG.N

Re: C-540322-02
Town of Moorefield

Honorable Lester E. Smith
Mayor, Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836

Dear Mayor Smith:

As requested to help expedite the closing of the financial package, we will provide in advance of the formal grant amendment the adjusted EPA grant.

Based on the bids, the total eligible cost is $2,192,000 and the EPA grant at 75 percent is $1,644,000. We will follow-up this letter with the grant amendment.

If there are any questions, please contact Mr. Bruce Smith, EPA Project Officer, at 215/597-8239.

Sincerely yours,

Kenneth R. Kryszczun, Chief
West Virginia Section
Pennsylvania/West Virginia Branch

cc: Warren Means, DNR
Kelley, Gidley, Blair and Wolfe ✓

GSA FCC TELETYPE
RM 1212 600 ARCH ST
PHILA PA 19106 05PM

Western Union Mailgram®

1-170245U186 07/05/83 ICS WA12139
01681 MLTN VA 07/05/83 CLGA

HON LESTER R SMITH
MAYOR TOWN OF MOOREFIELD
206 WINCHESTER AVE
MOOREFIELD WV 26836

JUL 6 1983

DEAR MAYOR SMITH
WE HAVE REVIEWED YOUR TIME EXTENSION REQUESTED DATED MAY 27, 1983 AND REVISED TASK SCHEDULE WHICH REFLECTS INITIATION OF CONSTRUCTION BY JULY 6, 1983. THE WEST VIRGINIA DEPARTMENT OF NATURAL RESOURCES APPROVED YOUR REQUEST ON JUNE 21, 1983. IN ACCORDANCE WITH THE REGULATIONS AT 40 CFR 33.2212 WHICH ALLOWS FOR TIME EXTENSION OF 3 MONTHS TO INITIATE CONSTRUCTION BEYOND THE INITIAL 9 MONTH PERIOD FOLLOWING GRANT AWARD. YOUR TIME EXTENSION IS HEREBY APPROVED. INITIATION OF CONSTRUCTION MUST NOW TAKE PLACE NO LATER THAN JULY 6, 1983. IF ANY QUESTIONS ARISE, PLEASE CONTACT MR. BRUCE SMITH AT 215 5 7-8239.
SINCERELY YOURS,
GREENE A JONES DIRECTOR WATER DIVISION ENVIRONMENTAL PROTECTION AGENCY CURTIS BLDG REGION III 6TH & WALNUT STS PHILA PA 19106

(ARS RUEVDDG 0-26-02-011138)
2038 EST

MGMC OMP MGM

...BY MAILGRAM MESSAGE SEE REVERSE SIDE FOR ... WESTERN UNION'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 FEMA Damage Survey Reports & Engineering Letter.

Phyllis J. Sherman

Date: 11/20/87

WILLIAM PALLAVICINI, P. E.

CONSULTING ENGINEER

21 Judy Street
PETERSBURG, WEST VIRGINIA 26847
304-257-1388

November 2, 1987

Edgar N. Henry, P. E., Director
Water Development Authority
1201 Dunbar Avenue
Dunbar, WV 25064

Re: Moorefield STP
FEMA-753-DR-031-55588
EPA Project No. C-540322-03

Dear Mr. Henry:

Samme Gee has requested that I provide you with a breakdown of FEMA funding for Moorefield's wastewater treatment plant reconstruction project. The breakdown is as follows:

1.	DSR No. 45478: Wastewater Plant (portion allocated to construction project)	$571,933
2.	DSR No. 9786: South Moorefield Lift Station (portion allocated to fence)	1,170
3.	DSR No. 9768: Spring Street Lift Station (portion allocated to fence)	1,027
4.	DSR No. 97276: Supplement To Wastewater Plant Construction	1,016,728
5.	DSR No. 10344: A/E Fees (portion allocated to STP project)	65,768
6.	DSR No. 9105: Supplement to A/E Fees for STP project	116,819
	Total	$1,773,445

Please call me at 257-1388 if you have any questions or need additional information.

Very truly yours,

William Pallavicini

WILLIAM PALLAVICINI, P. E.

cc: Town of Moorefield
Samme L. Gee

DAMAGE SURVEY REPORT - DATA SHEET

PART I - PROJECT DESCRIPTION

1. APPLICANT NAME (State, local government, private nonprofit or special district) - COUNTY
MOOREFIELD, WV (HARDY COUNTY)

2. DAMAGED FACILITY (Name and location)
WASTEWATER TREATMENT PLANT FACILITY, ADJACENT TO S. FORK RIVER (SOUTH BRANCH OF POTOMAC RIVER) WEST SIDE OF TOWN OF MOOREFIELD

3. DECLARATION NO. FEMA- 753 -DR

4. INSPECTION DATE 3 MM 4 /DD 87 /YY

5. P.A. NO. 031-55588

6. PHYSICAL DIMENSIONS OF DAMAGE TO THE FACILITY
This project has a low bid of $2,179,500.00 of which FEMAs share is $1,590,088.00. This DSR increases the funding to meet the low bid.

7. DSR NO. 097276

8. PROJECT NO./CAT. F

9. % COMPLETE 5

10. WORK ACCOM BY FA (C)

11. DAMAGE CAUSE (Optional) CODE:

12. DAMAGE DESCRIPTION AND SCOPE OF ELIGIBLE WORK OR SUPPLEMENTAL COMMENTS
This DSR increases funds to meet the low bid. It has been determined that it is more cost effective to replace the PVC liner with a natural clay liner (per Jim Oesterling (3/3/87)). The only change in the scope is the liner.
Supplements DSR 45478, 9786 and 9768

	INSP. NO.	AGENCY CODE	ELIGIBLE	ATTACHMENTS
13. RECOMMENDATION BY FEDERAL INSPECTOR (No., Agency Code) (FEMA)			(Y) N	
14. RECOMMENDATION BY STATE INSPECTOR (No., Agency Code)			Y N	
15. NAME OF LOCAL REPRESENTATIVE (Name, Agency)			Y N	

PART II - ESTIMATED COST OF PROPOSED WORK

ITEM	CODE	QUANTITY	MATERIAL AND/OR DESCRIPTION (a)	UNIT (b)	UNIT PRICE (c)	COST (d)
16.			additional funds to cover			
17.			FEMAs share of low bid	LS		$1,016,728
18.						
19.						
20.						
21.						
22.						
23.						

RECEIVED MAY 19 1987 TOWN OF MOOREFIELD MOOREFIELD, WV

24. EXISTING INSURANCE
TYPE: F H AMOUNT: $

25. TOTAL $ 1,016,728

PART III - FLOOD PLAIN MANAGEMENT/HAZARD MITIGATION REVIEW

26. IN OR AFFECTS FLOOD-PLAIN OR WETLAND: Y N	27. FLOODPLAIN LOCATION: 1 2 3 4 5	28. % DAMAGE 1 2 3 4	29. DISASTER HISTORY: Y N U	30. LAND USE: U1234-D1234	31. FPM RECOMMENDATION: 1 2 3 4 5 6 7

PART IV - FOR FEMA USE ONLY

32. AMOUNT	33. ELIGIBLE	34. FINAL DSR	35. SPECIAL CONSIDERATIONS	36. FLOODPLAIN REVIEW NO.	37. WORKSITE NO.
$1,016,728.00	(Y) N S V	U F			

38. INSURANCE COMMITMENT REQUIRED
a. TYPE: b. AMOUNT: $

39. DURATION (Years)

40. COMMENTS/CHANGES

41. FEDERAL REVIEW (Signature) DATE

42. FEMA REVIEW (Signature) DATE 3/4/87

FEMA Form 90-91, APR 85

REPLACES FEMA Form 90-52, JAN 81 WHICH IS OBSOLETE.

low bid for restoring Moorefield WASTE Water Treatment plant came in at $2,179,500.00 of which $1,590,088.42 is FEMA's share. This bid does not include the restoration of the laboratory or garage.
DSR 45478 provides 605,785.00 minus (23,142 + 10,710 = $33,852) for lab etc. which leaves $571,933.00.

INCLUDED IN THE BID ARE PORTIONS OF DSRs #9786 and 9768 for fencing at a total of $1,427.40 (DSR 9786 $1,170.30 and DSR 9768 $257.10).

1,590,088 (FEMA share)
- 571,933 funds applicable from DSR 45478
1,018,155.00
- 1,427 funds applicable from DSRs #9786 and 9768
$1,016,728 ↖ need additional funds to complete FEMA's share of this project

3/4/87

This DSR supplements DSRs # 45478, 9786 and 9768

OMB No. 3067-0027

FEDERAL EMERGENCY MANAGEMENT AGENCY

DAMAGE SURVEY REPORT

DISASTER RESPONSE AND RECOVERY

(See instructions on reverse)

3. DECLARATION NO. FEMA 753-DR

4. INSPECTION DATE 1 DEC. 85

1. REGION 3 FEDERAL EMERGENCY MANAGEMENT AGENCY

5. WORK ACCOMPLISHED BY
☒ CONTRACT ☐ FORCE ACCOUNT

2. APPLICANT *(State Agency, County, City, etc.)* MOOREFIELD WV (HARDY COUNTY)

PA NO. 03/-55588

7. WORK CATEGORY *("X" Applicable Box)*
☐ EMERGENCY ☐ A ☐ B
☐ PERMANENT ☐ C ☐ D ☐ E ☒ F ☐ G ☐ H ☐ I

DSR NO. 45478

6. PERCENTAGE OF WORK COMPLETED TO DATE 5 %

8. DAMAGED FACILITIES *(Location, identification and description)* WASTEWATER TREATMENT FACILITY, ADJACENT TO SOUTH FORK OF SOUTH BRANCH OF POTOMAC RIVER, WEST SIDE OF TOWN OF MOOREFIELD, WV

8A. FACILITY IN OR AFFECTS FLOOD PLAIN OR WET LANDS
☒ YES ☐ NO

9. DESCRIPTION OF DAMAGE EROSION OF LAGOON EMBANKMENT, DAMAGE TO CONCRETE DIVERSION WALL PANELS, DAMAGED 20ML, PVC, LINER IN LAGOON, DAMAGE TO LAB AND GARAGE COMPLEX AND FURNISHINGS, EQUIPMENT AND SUPPLIES. DAMAGE TO ULTRA-VIOLET DISINFECTION SYSTEM, COMMINUTORS, MAIN LIFT STATION, AERATORS, SEPTAGE HANDLING FACILITY, ELECTRICAL CONTROLS AND EMERG. GENERATOR.

10. SCOPE OF PROPOSED WORK RESTORE WASTEWATER TREATMENT FACILITY TO PRE-FLOOD CONDITION AS PER ATTACHMENTS. CLEAN-UP, REPAIR AND/OR REPLACE ASSOCIATED ITEMS AS PER ATTACHMENTS.

11. ESTIMATED COST OF PROPOSED WORK

QUANTITY (a)	UNIT (b)	MATERIAL AND/OR DESCRIPTION (c)	UNIT PRICE	COST (dollars) (e)
ITEM	#1	SITE WORK	ATTACHMENTS	471,000
		EMBANKMENT, LAGOON, PVC	—	
		LINER, ROADWAY	—	
ITEM	#2	LAB AND GARAGE BUILDING	—	10,710
		STRUCTURE REPAIR - INT. AND	—	
		EXT. HEATING SYSTEM.	—	
ITEM	#3	LAB AND GARAGE BUILDING	1-24	23,142
		FURNISHING, EQUIPMENT		
		AND SUPPLIES.		
ITEM	#4	PROCESSING EQUIPMENT	1-18	108,972
		ELECTRICAL, ULTRA-VIOLET		
		DISINFECTION SYSTEM, MAIN LIFT		
		STATION AND MISC. ASSOC. ITEMS.		

12. EXISTING INSURANCE *(Type)* NONE AMOUNT $ NONE

TOTAL ➡ $ 613,824

13. RECOMMENDATION BY FEDERAL INSPECTOR *(Signature, Agency, date)* James P. Thornton - Corps of Engrs - 1 Dec, 85
ELIGIBLE ☒ YES ☐ NO ATTACHMENTS 60

14. CONCURRENCE IN REPORT BY STATE INSPECTOR *(Signature, Agency, date)* Robert A. Stalker Jr. - P.S.C. - 1 Dec. 85
CONCUR ☒ YES ☐ NO ATTACHMENTS

15. CONCURRENCE IN REPORT BY LOCAL REPRESENTATIVE *(Signature, Agency, date)* Paul R. Kaufman Town of Moorefield 12-3-85
CONCUR ☐ YES ☒ NO ATTACHMENTS 1

16. FEDERAL REVIEW *(Signature, Agency, Date)* Helen J. Helen Cobb 12 Dec 85
FEMA REVIEW *(Initials and date)* REP 12-18-85

FEMA Form 90-62, JAN 81 (Formerly HUD Form 484)

COPY 1 - FEMA REGION

Form Approved
OMB No. 3067-0027

FEDERAL EMERGENCY MANAGEMENT AGENCY

DAMAGE SURVEY REPORT

DISASTER RESPONSE AND RECOVERY

(See instructions on reverse)

3. DECLARATION NO. FEMA 753-DR

4. INSPECTION DATE 26 Nov 85

1. TO ➡ REGION 3 FEDERAL EMERGENCY MANAGEMENT AGENCY

5. WORK ACCOMPLISHED BY
☒ CONTRACT ☐ FORCE ACCOUNT

2. APPLICANT *(State Agency, County, City, etc.)*
TOWN OF MOOREFIELD, WV

PA NO. 031-55588

7. WORK CATEGORY *("X" Applicable Box)*
☐ EMERGENCY ☐ A ☐ B
☒ PERMANENT ☐ C ☐ D ☐ E ☒ F ☐ G ☐ H ☐ I

DSR NO. 09786

6. PERCENTAGE OF WORK COMPLETED TO DATE 50%

8. DAMAGED FACILITIES *(Location, identification and description)*
SOUTH MOOREFIELD PUMP STATION (24'x24') FENCED IN AREA.

8A. FACILITY IN OR AFFECTS FLOOD PLAIN OR WET LANDS
☒ YES ☐ NO

9. DESCRIPTION OF DAMAGE
WATER AND MUD DAMAGE TO WELL EXHAUST FAN, UNIT HEATER, ELECTRICAL COMPONENTS. MUD & DERIS INSIDE WET WELL, SECURITY FENCE DAMAGED. (2) PROPANE CYLINDERS LOST, EROSION INSIDE FENCE AREA.

10. SCOPE OF PROPOSED WORK
REPLACE DAMAGED UNIT HEATER, EXHAUST FAN, CLEAN AND REPAIR ELECTRICAL COMPONENTS, REMOVE DAMAGED FENCE AND REPLACE 96 LF. REPLACE (2) 100LB PROPANE CYLINDERS. CLEAN MUD & DEBRIS FROM INSIDE WET WELL. CLEAN & RESTORE SITE INSIDE FENCE AREA (24' x 24').

11. ESTIMATED COST OF PROPOSED WORK

QUANTITY (a)	UNIT (b)	MATERIAL AND/OR DESCRIPTION (c)	UNIT PRICE (d)	COST *(dollars)* (e)
1	EA	REPLACE SINGER UNIT HEATER	125 EA	125.00
JOB	LS	RECONDITION EXHAUST FAN	LS	100.00
JOB	LS	REPAIR ELECT. COMPONENTS	LS	150.00
96	LF	REPLACE DAMAGED FENCE	11.20	1075.20
2	EA	REPLACE FENCE CORNER POSTS	47.55	95.10
2	EA	REPLACE 100LB PROPANE CYLINDERS	29.75	59.50
8	MH	MUD & DEBRIS INSIDE WET WELL	5.00	40.00
10	CY	RESTORE 24'x24' AREA INSIDE FENCE	2.87	28.70
15	TON	REPLACE 6" GRAVEL INSIDE AREA	7.50	112.50

12. EXISTING INSURANCE *(Type)* NONE — AMOUNT $ NONE — TOTAL ➡ $ 1786

13. RECOMMENDATION BY FEDERAL INSPECTOR *(Signature, Agency, date)*
James P. Thornton – Corps of Engrs. 28 Nov 85 — ELIGIBLE ☒ YES ☐ NO — ATTACHMENTS 1

14. CONCURRENCE IN REPORT BY STATE INSPECTOR *(Signature, Agency, date)*
Robert L. Hatfield Jr. – P.S.C. 30 Nov 85 — CONCUR ☒ YES ☐ NO — ATTACHMENTS

15. CONCURRENCE IN REPORT BY LOCAL REPRESENTATIVE *(Signature, Agency, date)*
Paul R. Lewis – Town of Moorefield 12-3-85 — CONCUR ☒ YES ☐ NO — ATTACHMENTS

16. FEDERAL REVIEW *(Signature, Agency, date)*
Allen J. Dunn Cat 6 10 Dec 85 — FEMA REVIEW *(Initials and date)* 12-13-85

FEMA Form 90-52, JAN 81 (Formerly HUD Form 424)

OMB No. 3067-0027

FEDERAL EMERGENCY MANAGEMENT AGENCY

DAMAGE SURVEY REPORT

DISASTER RESPONSE AND RECOVERY

(See instructions on reverse)

3. DECLARATION NO. FEMA 753-DR

4. INSPECTION DATE 26 NOV 85

1. TO ➡ REGION 3 FEDERAL EMERGENCY MANAGEMENT AGENCY

5. WORK ACCOMPLISHED BY
☒ CONTRACT
☐ FORCE ACCOUNT

2. APPLICANT *(State Agency, County, City, etc.)* TOWN OF MOOREFIELD, WV

PA NO. 031-55588

7. WORK CATEGORY *("X" Applicable Box)*
☐ EMERGENCY ☐ A ☐ B
☒ PERMANENT ☐ C ☐ D ☐ E ☒ F ☐ G ☐ H ☐ I

DSR NO. 09768

6. PERCENTAGE OF WORK COMPLETED TO DATE 50%

8. DAMAGED FACILITIES *(Location, identification and description)*
SPRING ST. PUMP STATION (22' x 20') FENCED AREA.

8A. FACILITY IN OR AFFECTS FLOOD PLAIN OR WET LANDS
☒ YES ☐ NO

9. DESCRIPTION OF DAMAGE
DAMAGED SUBMERSIBLE PUMPS, ELECTRICAL COMPONENTS, REPLACE FENCE, RESTORE AREA INSIDE FENCE

10. SCOPE OF PROPOSED WORK
CLEAN AND RECONDITION PUMPS AND ELECT. COMPONENTS, REPLACE MISSING 6' CYCLONE FENCE W/3 STRAND BARB WIRE, RESTORE AREA INSIDE FENCE WITH 2' BACKFILL AND 6" GRAVEL.

11. ESTIMATED COST OF PROPOSED WORK

QUANTITY (a)	UNIT (b)	MATERIAL AND/OR DESCRIPTION (c)	UNIT PRICE (d)	COST *(dollars)* (e)
2	EA	RECONDITION SUBMERSIBLE PUMPS	285	570.00
		CLEAN AND REPAIR ELECTRICAL		
1	LS	COMPONENTS - SEE INVOICE	LS	1351.25
84	LF	6' CYCLONE FENCE W/3	11.20	940.80
		STRAND BARB WIRE		
4	EA	FENCE CORNER POSTS	47.55	190.20
1	EA	GATE FOR FENCE	66.90	66.90
35	CY	BACKFILL INSIDE FENCE AND	2.87	100.45
		ADJACENT TO WET WELL		
15	TON	GRAVEL INSIDE FENCE	7.50	112.50

12. EXISTING INSURANCE *(Type)* NONE AMOUNT $ NONE TOTAL ➡ $ 3332.10

13. RECOMMENDATION BY FEDERAL INSPECTOR *(Signature, Agency, date)* James P. Thornton - Corps of Engrs - 26 NOV 85 ELIGIBLE ☒ YES ☐ NO ATTACHMENTS "A" THRU "D"

14. CONCURRENCE IN REPORT BY STATE INSPECTOR *(Signature, Agency, date)* Robert L. Skiles Jr. - PSC CONCUR ☒ YES ☐ NO ATTACHMENTS

15. CONCURRENCE IN REPORT BY LOCAL REPRESENTATIVE *(Signature, Agency, date)* Paul R. Levy, Adm. Com., Town of Moorefield CONCUR ☒ YES ☐ NO ATTACHMENTS

16. FEDERAL REVIEW *(Signature, Agency, date)* Albert J. Duma Co of G 10 Dec 85 FEMA REVIEW *(Initials and date)* [initials] 12-13-85

EMA Form 90-52, JAN 81 (Formerly HUD Form 484)

Form Approved
OMB No. 3067-0027

FEDERAL EMERGENCY MANAGEMENT AGENCY

DAMAGE SURVEY REPORT

DISASTER RESPONSE AND RECOVERY
(See instructions on reverse)

3. DECLARATION NO. FEMA 753

4. INSPECTION DATE 1-23-86

1. TO ➡ REGION 3 FEDERAL EMERGENCY MANAGEMENT AGENCY

5. WORK ACCOMPLISHED BY
☒ CONTRACT
☐ FORCE ACCOUNT

2. APPLICANT *(State Agency, County, City, etc.)* Town of Moorefield

PA NO. 031-55500

7. WORK CATEGORY *("X" Applicable Box)*
☐ EMERGENCY ☐ A ☐ B
☒ PERMANENT ☐ C ☐ D ☐ E ☐ F ☐ G ☐ H ☒ I

DSR NO. 10344

6. PERCENTAGE OF WORK COMPLETED TO DATE 1 %

8. DAMAGED FACILITIES *(Location, identification and description)*
Various Facilities within the Town of Moorefield, WV

8A. FACILITY IN OR AFFECTS FLOOD PLAIN OR WET LANDS
☐ YES ☐ NO

9. DESCRIPTION OF DAMAGE
Flood damage of such magnitude as to require Project management and Engineering Services.

10. SCOPE OF PROPOSED WORK
Provide Project Management, Basic and Special Engineering Services

11. ESTIMATED COST OF PROPOSED WORK Approved

QUANTITY (a)	UNIT (b)	MATERIAL AND/OR DESCRIPTION (c)	UNIT PRICE (d)	COST *(dollars)* (e)
1	Lump Sum	Project Management	15,638	31,275
1	Lump Sum	Basic A/E Services	64,588	64,588
1	Lump Sum	Special A/E Services	.03 24,683.	76,952

12. EXISTING INSURANCE *(Type)* | AMOUNT $

TOTAL ➡ $ 172,815

13. RECOMMENDATION BY FEDERAL INSPECTOR *(Signature, Agency, date)* | ELIGIBLE ☐ YES ☐ NO | ATTACHMENTS

14. CONCURRENCE IN REPORT BY STATE INSPECTOR *(Signature, Agency, date)* George E. Kiger State Gr. Gov't Office 1 Feb 86 | CONCUR ☒ YES ☐ NO | ATTACHMENTS

15. CONCURRENCE IN REPORT BY LOCAL REPRESENTATIVE *(Signature, Agency, date)* William Pallavicini (Engineer) 2-1-86 | CONCUR ☒ YES ☐ NO | ATTACHMENTS

16. FEDERAL REVIEW *(Signature, Agency, date)* | FEMA REVIEW *(Initials and date)*

WILLIAM PALLAVICINI, P. E.

CONSULTING ENGINEER

P. O. Box 903

PETERSBURG, WEST VIRGINIA 26847

304 - 257 - 1388

February 1, 1986

Mr. George Wise
FEMA - DFO
Sheraton Inn
151 West Main Street
Clarksburg, WV 26301

Re: Town of Moorefield
FEMA 753-DR-031-55588

Dear Mr. Wise:

Enclosed please find completed DSR No. 10344 for the provision of Project Management, Basic A/E, and Special A/E services for the Town of Moorefield.

Attached to the DSR is a breakout of Basic and Special A/E fees as they relate to the individual DSR's.

Please do not hesitate to call me at 257-1388 if you have any questions or need additional information.

Very truly yours,

William Pallavicini

WILLIAM PALLAVICINI, P. E.

cc: Larry Kuykendall, Mayor (enclos.)

Attachment

Estimated A/E Fees For Moorefield DSR

(1-31-86)

	DSR No.	DSR Description	Approved Amt.	Basic A/E	Special A/E	Memo	Project Manager
1	9778	Debris Removal	2370	0	0		
2	10559	"	9790	0	0		
3	10560	"	30,817	0	0		
4	9746	Clean Culverts	0	0	0		
5	10605	OES Center	0	0	0		
6	45018	Cold Mix Placement	5000	0	0		
7	45019	Purchase & Rental	3074	0	0		
8	45192	Force Acct. Labor	5101	0	0		
9	10558	Beans St. & Town Run	2763	246	388	(1)	
10	10562	Trench Settlement	0	0	0		
11	10563	Central Ave.	1418	126	199	(1)	
12	10623	Natwick Circle	14,585	1298	2049	(1)	
13	10624	Clements St.	2910	259	409	(1)	
14	10626	Clements St. / Elm	5639	502	792	(1)	
15	10627	Town Run Rd.	10,100	899	1419	(1)	
16	10628	Town Run Rd.	22,858	2034	3211	(1)	
17	10629	Huy Mendall Lane	3657	325	514	(1)	
18	10769	Jackson Ave.	2152	192	302	(1)	
19	10770	Maple Ave.	4612	410	648	(1)	
20	10771	Jefferson St.	736	66	103	(1)	
21	10772	Rohrbaugh Ave	7041	627	989	(1)	
22	10773	Brighton Ave	8082	719	1136	(1)	
23	10774	Williams / Vance St.	5095	453	716	(1)	
24	10776	Bean Lane	9495	845	1334	(1)	
25	10777	East Brighton Ave.	7371	656	1036	(1)	
26	10796	Debris Removal	2783	0	0		
27	27991	Levee	5456	709	1425	(2)	
28	27938	Town Park Bldg. Contents	1302	0	0		
29	9768	Spring St. P.S.	3332	433	0	(2)	
30	9780	Allegheny P.S.	2724	354	0	(2)	
31	9786	S. Moorefield P.S.	1786	232	0	(2)	
32	9789	Spring St. P.S.	625	81	0	(2)	
33	9790	Bean Lane P.S.	728	95	0	(2)	
34	9793	Old Sewage Plant	4681	0	0		
35	10604	Clean Pipe Lines	7006	0	0		
36	45475	Clements St.	8853	789	1245	(1)	
37	45481	Water Plant	18,826	2427	1847	(2)	
38	9802	—	0	0	0		
39	6476	Little League Field	0	0	0		
40	45479	Rec Facilities	42,977	5587	5017	(3)	

Aggregate for Estimated 18 months Service

Continue Moorefield DSR's

	DSR No.	DSR Description	Approved Amt.	Basic A/E	Special A/E	Memo	Project Manager
1	27937	Town Park Bldg	5338	694	623	(3)	
2	27939	Truck	2500	0	0		
3	45020	Vehicle Damage	5135	0	0		
4	9782	Gabion Dam	6611	859	1225	(2)	
5	10289	Labor	3159	0	0		
6	45478	Sewage Plant	605,785	41,193	48,900	(4)	*
7	10300	Spring St. P.S.	2260	294	0	(2)	
8	20043	Main St. Sewer	8942	1164	1425	(2)	
9							
10		Totals		64,588	76,952		31,295
11							
12							
13							
14							
15							
16	* Note: (DSR = 45478) - Basic A/E						
17	Fee of = 37,147 Provided for						
18	in DSR.						
19							
20							
21							
22							
23							
24							
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39							

Main Water

Memo Notes (Moorefield)

① Street Repair / Paving work grouped due to similarity

DSR value of grouped work: → 117,369

Basic A/E @ 8.9% → 10,446

Special Services:
1. Design Surveys needed in selected areas where major washout occurred
Estimated Fee: 3400
2. Resident Inspection during Construction
Estimated Fee: 13,090
Total Special Services → 16,490

Basic and Special A/E prorated among Category ① DSR's

② Water Plant, Cofer Dam, Levee, Pump Stations, Sewer Lines, etc. grouped by similarity of work

DSR value of grouped work: 51,290

Basic A/E @ 13% → 6668 ✓

Special Services:
1. Design Construction layout surveys needed for DSR's 27991, 45481, 9782 and 20043
Estimated Fee: 1900
2. Intermittent Resident Inspection needed for DSR's 27991, 45481, 9782 and 20043
Estimated Fee: 4022
Total Special Services → 5922

Memo Notes (Cont.)

③ Category ③ Rec. Facilities

DSR Value (45479 & 27937) = $48,315

Basic A/E @ 13% ——— $6281

Special A/E:
1. Surveying (Design and Constr. Layout) — $1900
2. Intermittent Inspection — $3740

Total Special Services ——— $5640

④ Reconstruct Sewage Plant (DSR = 605,785)

Basic A/E @ 6.8% ——— $41,193

Special A/E:
1. Design and Construction Surveys — Estimated Fee: $6800
2. Soils Testing — Estimated Fee: 4700
3. Resident Inspection — Estimated Fee: 37,400

Total Special Services ——— $48,900

FEDERAL EMERGENCY MANAGEMENT AGENCY

DAMAGE SURVEY REPORT - DATA SHEET

PART I - PROJECT DESCRIPTION

1. APPLICANT NAME (State, local government, private nonprofit or special district) - COUNTY
TOWN OF MOOREFIELD

2. DAMAGED FACILITY (Name and location)
Town of Moorefield's Wastewater Treatment Plant.

3. DECLARATION NO. FEMA 753 -DR

4. INSPECTION DATE 6 MM 26 DD 87 YY

5. P.A. NO. 031-55588

6. PHYSICAL DIMENSIONS OF DAMAGE TO THE FACILITY
Facility severly damaged. Project has been approved for an increase in scope and funds of $1,016,728 ~~00~~

7. DSR NO. 109105

8. PROJECT NO./CAT. I

9. % COMPLETE 15%

10. WORK ACCOM BY FA (C)

11. DAMAGE CAUSE (Optional) CODE:

12. DAMAGE DESCRIPTION AND SCOPE OF ELIGIBLE WORK OR SUPPLEMENTAL COMMENTS
Applicant requires additional funds to cover A/E services for the Wastewater Treatment Plant. Total funding for plant from FEMA is $1,590,000 ~~00~~
Supplemental to DSR #10344

13. RECOMMENDATION BY FEDERAL INSPECTOR (No., Agency Code)	INSP. NO.	AGENCY CODE	ELIGIBLE (Y) N	ATTACHMENTS
14. RECOMMENDATION BY STATE INSPECTOR (No., Agency Code)	INSP. NO.	AGENCY CODE	ELIGIBLE Y N	ATTACHMENTS
15. NAME OF LOCAL REPRESENTATIVE (Name, Agency)			ELIGIBLE Y N	ATTACHMENTS

PART II - ESTIMATED COST OF PROPOSED WORK

ITEM	CODE	QUANTITY	MATERIAL AND/OR DESCRIPTION (a)	UNIT (b)	UNIT PRICE (c)	COST (d)
16.			A/E Services			116,819 ~~00~~
17.						
18.						
19.						
20.						
21.						
22.						
23.						

24. EXISTING INSURANCE TYPE: F H AMOUNT: $

25. TOTAL $ 116,819 ~~00~~

PART III - FLOOD PLAIN MANAGEMENT/HAZARD MITIGATION REVIEW

26. IN OR AFFECTS FLOODPLAIN OR WETLAND: Y N	27. FLOODPLAIN LOCATION: 1 2 3 4 8	28. % DAMAGE 1 2 3 4	29. DISASTER HISTORY: Y N U	30. LAND USE: U1234-D1234	31. FPM RECOMMENDATION: 1 2 3 4 6 6 7

PART IV - FOR FEMA USE ONLY

32. AMOUNT $ 116,819 ~~00~~	33. ELIGIBLE (Y) N S V	34. FINAL DSR U F	35. SPECIAL CONSIDERATIONS	36. FLOODPLAIN REVIEW NO.	37. WORKSITE NO.

38. INSURANCE COMMITMENT REQUIRED a. TYPE: b. AMOUNT: $ | 39. DURATION (Years)

40. COMMENTS/CHANGES

41. FEDERAL REVIEW (Signature) DATE

42. FEMA REVIEW (Signature) DATE 6/26/87

FEMA Form 90-91, APR 85

WILLIAM PALLAVICINI, P. E.
CONSULTING ENGINEER

21 Judy Street
PETERSBURG, WEST VIRGINIA 26847
304-257-1388

March 31, 1987

RECEIVED
APR 2 1987
TOWN OF MOORE
MOOREFIELD, W

Mr. Paul Lewis
Town of Moorefield
Moorefield, WV 26836

Re: STP Reconstruction
Primary DSR No. 45478

Dear Paul:

Pursuant to our recent telephone conversation I am enclosing the following cost information relative to engineering fees for the FEMA projects:

1. Appendix B (Breakdown - Engineering Fees), which is an attachment to Addendum No. 1 to the Engineering Contract. The Addendum was prepared to accompany the EPA Part B documents for the Sewage Treatment Plant project.

   Appendix B presents an estimate of total engineering fees in connection with the STP reconstruction. The total estimated fee of $249,250.00 is broken down as follows:

   a. Basic Services $148,200.00
   b. Special Services .....$ 18,450.00
   c. Resident Inspection .....$ 82,600.00

   The EPA share of the total fee is estimated to be $72,139.60, leaving a FEMA balance of $177,110.40.

2. Summary of non-STP FEMA costs through present and projection of future costs ($44,617.38).

A Supplement to the A/E DSR should be requested for an amount determined as follows:

Present A/E DSR	$104,909.00
Less non-STP Fees	(44,617.00)
Less FEMA share of STP fees	(177,111.00)
Supplement Required	$116,819.00

Please advise if you have any questions or need additional information.

Very truly yours,

William Pallavicini

WILLIAM PALLAVICINI, P. E.

APPENDIX B

Breakdown - Engineering Fees

A.	Basic Services - Budget amount established per FEMA Engineering and Design Curve A: 6.8 % x $2,179,500.00	$ 148,200.00
B.	Special Services (estimated) -	
	1. Soils Testing	3,800.00
	2. Design and Construction Surveys	8,150.00
	3. O & M Manual Update (EPA requirement)	6,500.00
	Total	$ 18,450.00
C.	Resident Construction Inspector (estimated) - 14 months @ $5900.00 per month (average)	$ 82,600.00
	TOTAL ESTIMATED FEE	$ 249,250.00

EPA Participation

1.	Basic: * .2704 x $148,200.00	$ 40,073.28
2.	Special: * .2704 x $11,950.00 + 1.0 x $6500.00	9,731.28
3.	Inspection: * .2704 x $82,600.00	22,335.04
	TOTAL EPA ELIGIBLE	$ 72,139.60

*EPA Eligibility Factor as determined by low construction bid.

Note: See completed EPA Form 5700-41, attached hereto, for cost breakdown of EPA eligible engineering services.

Moorefield FEMA Engr. Costs (3-30-87)

Activity	Costs thru 3/87 Invoice	Estimated Future Costs	Total Costs
Project Management (Code 110-1)	1226.97	0	1226.97
So. Moorefield P.S. (Code 110-2, Basic)	477.10	0	477.10
Streets (Code 110-3, Basic)	13,588.52	3000.00	16,588.52
Streets (Code 110-3, Special)	8722.00	3000.00	11,722.00
Gobbler (Code 110-4, Basic)	236.50	0	236.50
Park (Code 110-5, Basic)	5090.95	4000.00	9090.95
Park (Code 110-5, Special)	1275.34	4000.00	5275.34
Total non-STP Costs	30,617.38	14,000.00	44,617.38

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 $156,720 in principal amount of the Town's Subordinate Sewerage System Revenue Bonds, Series 1987 and the sale of $38,440 in principal amount of the Town's Supplemental Subordinate Sewerage System 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") (or by the Sanitary Board in its behalf), 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, recision, 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. Ordinance passed by the Council on June 3, 1958 creating the Sanitary Board.

5. Prior and Series 1983 Ordinances.

6. Ordinance passed by the Council on September 1, 1987 establishing rates and charges for the services of the sewerage system of the Town (the "System") (the "Rate Ordinance").

7. Petition of the Sanitary Board to the Council of the Town.

8. Ordinance (without Exhibits B-D).

9. Resolution adopted November 3, 1987, authorizing publication of an abstract and notice of the Ordinance.

10. 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.

11. Affidavit of Publication of the abstract and notice of the Ordinance in The Moorefield Examiner on November 4 and November 11, 1987.

12. Resolution adopted November 16, 1987, regarding the public hearing on the Ordinance and putting the Ordinance into effect.

13. Resolution adopted November 16, 1987, authorizing the sale of the Bonds to the Authority.

14. 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.

15. Loan Agreement, dated October 15, 1987, with the Authority.

16. Supplemental Loan Agreement, dated October 15, 1987, with the Authority.

17. EPA Assistance Amendment, awarded as of September 11, 1987, between the Town and the United States Environmental Protection Agency (the "EPA").

18. Federal Emergency Management Agency (the "FEMA") grant in the amount of $1,773,445 as shown by Damage Survey Report Nos. 45478, 9786, 9768, 97276, 10344 and 9105 and verification of FEMA grant breakdown.

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.

Phyllis J. Sherman, Recorder
Town of Moorefield

(SEAL)

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds
Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 Subordinate Sewerage System Revenue Bond, Series 1987, of the Town numbered R-1, dated the date hereof, in the principal amount of $156,720 and bearing interest at the rate of eight and thirty-eight hundreds percent (8.38%) per annum (the "Subordinate Bonds"), and the single, fully registered Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town, numbered SR-1, dated the date hereof, in the principal amount of $38,440 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 sewerage 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 Net 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 National Pollutant Discharge Elimination System permit and 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 EPA or FEMA, both as 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 those of the Bonds are the Town's Sewer Revenue Bonds dated June 1, 1963 currently outstanding in the amount of $64,000. The only outstanding debt obligations of the Town with a lien on the revenues of the System on parity with the Bonds are the Series A Bonds dated January 10, 1986 currently outstanding in the amount of $243,277.

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 21, 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 September 1, 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 Environmental Protection Agency ("EPA") has committed to the Town the approximate amount of $592,950, and a Federal Emergency Management Agency (the "FEMA") grant in the amount of $1,773,445. Said commitments of EPA and FEMA 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, flood insurance, business

interruption 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
	Mayor
	Recorder
	Town Attorney

R-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1987

No. R-1 $156,720

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Hundred Fifty-Six Thousand Seven Hundred and Twenty Dollars ($156,720), 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.

Interest on each installment shall run from the date of this Bond and 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 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 of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

"SPECIMEN"

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 as of October 15, 1987 between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System") 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

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West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an Ordinance duly passed by the Council of the Town on the 3rd day of November, 1987, as supplemented by a resolution duly adopted by the Council of the Town on November 16, 1987, (collectively, 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 Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of $38,440, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWER REVENUE BONDS DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $64,000 (THE "PRIOR BONDS").

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, DATED AS OF JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $243,277 (THE "SERIES A BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created or continued under the Ordinance (the "Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 hereon except from said special fund provided from the Net 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 shall be sufficient to provide for the proper and 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 the Bonds, on the Supplemental Bonds, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and said Supplemental Bonds, including the Prior Bonds and the Series A Bonds, provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in any year, there exists in the reserve account for said Supplemental Bonds sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or said Supplemental Bonds, including said Prior Bonds and the Series A Bonds, are funded at the respective requirements therefor, such percentage may be

"SPECIMEN"

L.K.

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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 or legal representative 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 or legal representative duly authorized in writing.

Subject to 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 Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated November 20, 1987.

[SEAL]

"SPECIMEN"
Mayor

ATTEST:

"SPECIMEN"
Recorder

L.K.

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NUMBER

R-1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System 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 on the date set forth below.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

By Charlotte L Morgan
Its Authorized Officer

"SPECIMEN"

Date: November 20, 1987

LK.

NUMBER

R-1

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	8.38		11,345.57	11,345.57
1989	8.38	647	13,133.14	13,780.14
1990	8.38	702	13,078.92	13,780.92
1991	8.38	761	13,020.09	13,781.09
1992	8.38	824	12,956.32	13,780.32
1993	8.38	893	12,887.27	13,780.27
1994	8.38	968	12,812.43	13,780.43
1995	8.38	1,049	12,731.32	13,780.32
1996	8.38	1,137	12,643.41	13,780.41
1997	8.38	1,233	12,548.13	13,781.13
1998	8.38	1,336	12,444.80	13,780.80
1999	8.38	1,448	12,332.85	13,780.85
2000	8.38	1,569	12,211.50	13,780.50
2001	8.38	1,701	12,080.02	13,781.02
2002	8.38	1,843	11,937.48	13,780.48
2003	8.38	1,998	11,783.03	13,781.03
2004	8.38	2,165	11,615.60	13,780.60
2005	8.38	2,346	11,434.17	13,780.17
2006	8.38	2,543	11,237.58	13,780.58
2007	8.38	2,756	11,024.48	13,780.48
2008	8.38	2,987	10,793.52	13,780.52
2009	8.38	3,237	10,543.21	13,780.21
2010	8.38	3,509	10,271.95	13,780.95
2011	8.38	3,803	9,977.90	13,780.90
2012	8.38	4,121	9,659.21	13,780.21
2013	8.38	4,467	9,313.87	13,780.87
2014	8.38	4,841	8,939.53	13,780.53
2015	8.38	5,247	8,533.86	13,780.86
2016	8.38	5,686	8,094.16	13,780.16
2017	8.38	6,163	7,617.67	13,780.67
2018	8.38	6,679	7,101.21	13,780.21
2019	8.38	7,239	6,541.51	13,780.51
2020	8.38	7,846	5,934.88	13,780.88
2021	8.38	8,503	5,277.39	13,780.39
2022	8.38	9,216	4,564.84	13,780.84
2023	8.38	9,988	3,792.54	13,780.54
2024	8.38	10,825	2,955.54	13,780.54
2025	8.38	11,732	2,048.41	13,780.41
2026	8.38	12,712	1,065.27	13,777.27
		156,720	378,284.58	535,004.58

"SPECIMEN"

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NUMBER

R-1

[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: _____, 19__.

_____

In the presence of:

_____

"SPECIMEN"

LK.

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SR-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BOND,
SERIES 1987

No. SR-1 $38,440

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of Thirty-Eight Thousand Four Hundred and Forty Dollars ($38,440), 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 as of October 15, 1987, between the Town and the Authority.

This Bond is issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements and betterments thereto, is hereinafter referred to as the "System") and 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 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly passed by the Council of the Town on the 3rd day of November, 1987, and a supplemental resolution duly adopted by the Council of 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.

L.K.

MIDWEST BANK NOTE COMPANY, PLYMOUTH, MICH.

This Bond is issued contemporaneously with the Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Subordinate Bonds") issued in the aggregate principal amount of $156,720, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

THIS BOND IS JUNIOR, SUBORDINATE AND INFERIOR AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWER REVENUE BONDS DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $64,000 (THE "PRIOR BONDS"); AND THE TOWN'S SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, DATED JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF $243,277 (THE "SERIES A BONDS"). THE LIEN ON ACCOUNT OF THIS BOND ON SUCH NET REVENUES IS ALSO JUNIOR, SUBORDINATE AND INFERIOR TO THE LIEN THEREON CREATED ON ACCOUNT OF THE SUBORDINATE BONDS.

This Bond is payable only from and secured by a lien, subordinate only to that of the Prior Bonds, the Series A Bonds and the Subordinate Bonds, on the Net 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 (the "Supplemental Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net 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 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 the Bonds, the Subordinate Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds and the Subordinate Bonds, including the Prior Bonds and the Series A Bonds; provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve account for the Subordinate Bonds amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and on the Subordinate Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or the Subordinate Bonds, including the Prior Bonds and the Series A Bonds, are funded at the respective 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 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 or legal representative duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer

SPECIMEN

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satisfactory to the Registrar, duly executed by the registered owner or its attorney or legal representative 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 registered 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 Subordinate 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.

"SPECIMEN"

[SEAL]

Mayor

ATTEST:

"SPECIMEN"

Recorder

LK

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Supplemental Subordinate Sewerage System 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 on the date set forth below.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

"SPECIMEN"

By Charlotte A Morgan
Its Authorized Officer

Dated: November 20, 1987

LK

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EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

PERIOD ENDING 10/1	ZERO COUPON BONDS
	.00
1988	.00
1989	1,011.54
1990	1,011.58
1991	1,011.58
1992	1,011.58
1993	1,011.58
1994	1,011.58
1995	1,011.58
1996	1,011.58
1997	1,011.58
1998	1,011.58
1999	1,011.58
2000	1,011.58
2001	1,011.58
2002	1,011.58
2003	1,011.58
2004	1,011.58
2005	1,011.58
2006	1,011.58
2007	1,011.58
2008	1,011.58
2009	1,011.58
2010	1,011.58
2011	1,011.58
2012	1,011.58
2013	1,011.58
2014	1,011.58
2015	1,011.58
2016	1,011.58
2017	1,011.58
2018	1,011.58
2019	1,011.58
2020	1,011.58
2021	1,011.58
2022	1,011.58
2023	1,011.58
2024	1,011.58
2025	1,011.58
2026	1,011.58
	38,440

LK

"SPECIMEN"

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SR-1

[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"

LR.

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TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 $156,720 in aggregate principal amount of the Town's Subordinate Sewerage System Revenue Bonds, Series 1987, dated as of the date hereof (the "Bonds") and with respect to the issuance of $38,440 in aggregate principal amount of the Town's Supplemental Subordinate Sewerage System 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 $175,160, will be used as follows: (1) $186,160 for the financing of the cost of construction and acquisition of the Project, being certain extensions, improvements and betterments to the existing sewer system of the Town; and (2) $9,000 for expenses incurred in connection with the issuance of the Bonds.

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 and to pay the costs of issuance of the Bonds. The remainder of such costs are expected to be paid with a grant from the United States Environmental Protection Agency (the "EPA") awarded in the amount of $592,950, and grants-in-lieu from Federal Emergency Management Agency (the "FEMA") awarded in the amount of $1,773,445.

4. The total cost of the Project is estimated to be $2,552,555. 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 $195,160.

Except for the proceeds of the EPA grant and the FEMA 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.

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, continued or are being maintained with respect to the Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(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 Subordinate 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 Subordinate 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 September 1, 1988.

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 the Town's $443,275 Water Revenue Bonds, Series 1987 and the Town's $108,725 Supplemental Water Revenue Bonds, Series 1987, both dated November 20, 1987. The Town has authorized, but not yet issued, 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 Project pending receipt of the EPA and FEMA grant receipts and 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 Town's water project pending the receipt of certain grant receipts awarded therefor.

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, Mayor

TOWN OF MOOREFIELD

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System 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, improvements and betterments to the existing public sewerage 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, (collectively 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 $2,552,555 and is being partially funded by a United States Environmental Protection Agency (the "EPA") grant in the amount of $592,950 and a Federal Emergency Management Agency (the "FEMA") grant in the amount of $1,773,445.

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 DNR, 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 "201" Facilities Plan as administered by EPA/DNR approved by all necessary governmental bodies and is consistent with the standards set by the West Virginia Water Resources Board; (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, including but not limited to permits from the EPA and the West Virginia Department of Natural Resources and, specifically, the National Pollutant Discharge Elimination System permit; (vii) I anticipate giving a notice of completion of the Project no later than June 4, 1988; (viii) the net proceeds of the Subordinate 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 A is the Final Amended Schedule A.

WITNESS my signature as of this 20th day of November, 1987.

William Pallavicini

WILLIAM PALLAVICINI

AMENDED SCHEDULE A

Revised: 11-9-87

NAME OF GOVERNMENTAL AGENCY: Town of Moorefield

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 2,228,215	
2.	Technical Services	$ 254,435	
3.	Legal and Fiscal	$ 5,589	
4.	Administrative	$ 00	
5.	Site and Other Lands	$ 6,250	
6.	Step I and/or Step II or Other Loan Repayment (Specify Type: _____)	$ 00	
7.	Interim Financing Costs	$ 10,000	
8.	Contingency	$ 48,066	
9.	Total of Lines 1 through 8		$ 2,552,555

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	FEMA	$ 1,773,445
		EPA	$ 592,950
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		$ 2,366,395
15.	Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 186,160
16.	Cost of Financing[3]		
	(a) Capitalized Interest (construction period plus six months)	$ 0	
	(b) Funded Reserve Account[4]	$ 0	
	(c) Other Costs[5]	$ 7,000.00	
		$	
		$ 2,000.00[6]	
	Total Cost of Financing		$ 9,000
17.	Size of Bond Issue (Line 15 plus Total from Line 16)		$ 195,160

---

[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

$156,720 Subordinate Sewerage System Revenue Bonds
Series 1987

$38,440 Supplemental Subordinate Sewerage System
Revenue Bonds, Series 1987

ACCOUNTANT'S CERTIFICIATE

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 September 1, 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 sewer 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
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, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its $156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), in the form of one bond numbered R-1, and its $38,440 in aggregate principal amount of Supplemental Subordinate Sewerage System 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 Subordinate 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
Summers and Lee Streets
Box 1793
Charleston, West Virginia 25326
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: Corporate Trust Administrative Officer

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, in the aggregate principal amount of $156,720 and the Town of Moorefield Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, in the aggregate principal amount of $38,440 (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: $156,720

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 Bonds 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.

Daniel B. Yonkosky
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 Subordinate Sewerage System Revenue Bonds, Series 1987, numbered R-1, of the Town of Moorefield, West Virginia, in the principal amount of $156,720 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

Daniel B. Yankosky
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 Subordinate Sewerage System Revenue Bonds, Series 1987, numbered SR-1, of the Town of Moorefield, West Virginia, in the principal amount of $38,440 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

Daniel B. Yankoski
Authorized Representative

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds,
Series 1987

$38,440 Supplemental Subordinate Sewerage System Revenue Bonds,
Series 1987

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

November 20, 1987

One Valley Bank, National Association
Summers and Lee Streets
Charleston, West Virginia 25326
Attention: Corporate Trust Department

Ladies and Gentlemen:

We herewith hand to you, duly executed, the entire issue of $156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, in the form of one bond numbered R-1, and the entire issue of $38,440 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, in the form of one bond numbered SR-1 (together, the "Bonds"), of the Town of Moorefield, West Virginia (the "Town"), authorized to be issued under and pursuant to the Ordinance, passed by the Council of the Town on November 3, 1987, and supplemented on November 16, 1987 (the "Ordinance").

You are hereby requested and authorized to authenticate the Bonds and to register and deliver the Bonds on behalf of the Town to the West Virginia Water Development Authority in exchange for payment to the Town therefor.

TOWN OF MOOREFIELD

By _____
Larry Kuykendall, Mayor

(SEAL)

Attest:

_____
Phyllis J. Sherman, Recorder

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds,
Series 1987

$38,440 Supplemental Subordinate Sewerage System Revenue Bonds,
Series 1987

CERTIFICATE OF REGISTRATION AND DELIVERY OF BONDS

I, Charlotte Morgan, ~~Assistant~~ Corporate Trust Officer of One Valley Bank, National Association, as Registrar under the ordinance providing for the issuance of the Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), and the Supplemental Subordinate Sewerage System 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 Subordinate Bonds in the principal amount of $156,720 and in the form of one bond numbered R-1, and the Supplemental Bonds in the principal amount of $38,440 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 Subordinate 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: Charlotte Morgan

Its: ~~Assistant~~ Corporate
Trust Officer

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds,
Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 $156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), of Town of Moorefield, West Virginia (the "Town"), and the entire original issue of $38,440 in aggregate principal amount of the Town's Supplemental Subordinate Sewerage System 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: Edgar N. Henry
Director

TOWN OF MOOREFIELD, WEST VIRGINIA

$156,720 Subordinate Sewerage System Revenue Bonds,
Series 1987

$38,440 Supplemental Subordinate Sewerage System 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 $156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bond, Series 1987 (the "Subordinate Bonds"), of the proceeds of the Subordinate Bonds in the amount of $156,720 (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 $38,440 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds") of the proceeds of the Supplemental Bonds in the amount of $38,440 (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: L. Kuykendall
Larry Kuykendall, Mayor

REQUISITION FORM

South Branch Valley National Bank
310 N. Main Street
Moorefield, WV 26836

Re: Town of Moorefield, West Virginia
$156,720 Subordinate Sewerage System
Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate
Sewerage System 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.

THE SANITARY BOARD,
TOWN OF MOOREFIELD

By: _____
Chairman

_____
WILLIAM PALLOVICINI
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: Town of Moorefield
2 Issuer's employer identification number: 55-6000214
3 Number and street: 206 Winchester Avenue
4 Report number: G198 7 - 2
5 City or town, state, and ZIP code: Moorefield, West Virginia 26836
6 Date of issue: November 20, 1987

Part II Type of Issue (check box(es) that applies)

7 Check box if bonds are tax or other revenue anticipation bonds ▶ ☐
8 Check box if bonds are in the form of a lease or installment sale ▶ ☐

		Issue Price
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds)	$195,160
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

$156,720 Subordinate Sewerage System Revenue Bonds, Series 1987 and $38,440 Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987.

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	10/1/2026	* %	13,723.58	13,723.58			
18 Entire issue			195,160.00	195,160.00	27.28 years	**	7%

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	9,000
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	186,160

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) ▶ N/A
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. 20, 1987 Date — Mayor Title

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

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

NEW ISSUE REPORT FORM

Date of Report: November 20, 1987

(See Reverse for Instructions)

ISSUE: $156,720 Subordinate Sewerage System Revenue Bonds, Series 1987

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE OF ISSUE: New Money X ; Refunding ___ Refunds issue(s) dated: ---

ISSUE DATE: November 20, 1987 CLOSING DATE: November 20, 1987

ISSUE AMOUNT: $156,720 RATE: 8.38%

1st DEBT SERVICE DUE: April 1, 1988 1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: $4,779.00 PAYING AGENT: WV Municipal Bond Commission

ISSUERS BOND COUNSEL: Jackson, Kelly, Holt & O'Farrell

Contact Person: Samme Gee, Esquire

Phone: (304) 340-1318

DEPOSITORY ~~CLOSING~~ BANK: South Branch Valley 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: ~~ESCROW TRUSTEE~~: One Valley Bank, National 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: $38,440 Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE OF ISSUE: New Money X / Refunding ___ Refunds issue(s) dated: ---

ISSUE DATE: November 20, 1987 CLOSING DATE: November 20, 1987

ISSUE AMOUNT: $ 38,440 RATE: -0-

1st DEBT SERVICE DUE: October 1, 1989 1st PRINCIPAL DUE: October 1, 1989

1st DEBT SERVICE AMOUNT: $1,011.54 PAYING AGENT: WV Municipal bond Commission

ISSUERS BOND COUNSEL: Jackson, Kelly, Holt & O'Farrell

Contact Person: Samme Gee, Esquire

Phone: (304) 340-1318

DEPOSITORY BANK: South Branch Valley 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: ESCROW TRUSTEE: One Valley Bank, National 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:

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 502-589-6600

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 sewer revenue bonds of the Governmental Agency, dated November 20, 1987, (the "Subordinate Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Subordinate Bonds are in the principal amount of $156,720, 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 1989 through 2026, inclusive, all as set forth in Exhibit A incorporated in and made a part of the Subordinate Bonds.

The Subordinate Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the Governmental Agency's Sewer Revenue Bonds, dated June 1, 1963 (the "Prior Bonds") and are on a parity as to lien and source of and security for payment with the Governmental Agency's Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986 (the "1986 Bonds").

The Subordinate Bonds are issued for the purpose of acquiring and constructing certain extensions, improvements and betterments to the sewer 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 16, Article 13, of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and line of credit 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 Subordinate Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Subordinate 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 Subordinate 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 Subordinate Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Subordinate Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the net 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 Subordinate Bonds and the Local Act, and have been duly issued and delivered to the Authority. Said lien and pledge is junior, subordinate and inferior to that created for the Prior Bonds and on a parity with that created for the 1986 Bonds.

6. The Subordinate 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 Subordinate Bonds is excludable from gross income for the purpose of federal income taxation; we call your attention to the fact that interest on the Subordinate 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 Subordinate 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 Subordinate Bonds to be includable in gross income for the purpose of federal income taxation retroactively to their date of issue.

Please be advised that the Technical Corrections Bill of 1987, H.R. 2636, introduced in the United States Congress on June 10, 1987, whether passed as a separate act or as part of an omnibus act but only in the form originally introduced, will not cause the interest on the Subordinate Bonds to be includable in gross income for the purpose of federal income taxation.

Please be further advised that this opinion does not address and we express no opinion with respect to certain collateral federal income tax consequences that may result in adjustments in the computation as a consequence of owning the Subordinate Bonds.

8. No opinion is given herein as to the effect upon enforceability of the Subordinate Bonds or the Loan Agreement of any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judi·ial discretion or principles of equity in appropriate cases.

9. We have examined the executed and authenticated Subordinate 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
CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

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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

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 subordinate sewer 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 $38,440, issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments of approximately $1,011.58 on October 1 in each of the years 1989 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 "Subordinate Bonds"), which Subordinate Bonds are issued simultaneously

herewith, to the Governmental Agency's Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986 (the "1986 Bonds") and to the Governmental Agency's Sewer Revenue Bonds, dated June 1, 1963 (the "Prior Bonds").

The Supplemental Bonds are issued, together with the Subordinate Bonds, for the purpose of acquiring and constructing certain extensions, improvements and betterments to the sewer 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 16, Article 13, of the Code of West Virginia, 1931, as amended (the "Local Statute"), the bond and line of credit 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.

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 net revenues of the System referred to in the Local Act and secured by a third 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, the 1986 Bonds and the Subordinate 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 under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judical discretion or principles of equity in appropriate cases.

We have examined executed and authenticated Supplemental Bond numbered SR-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
CHARLESTON, WEST VIRGINIA 25322

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WRITER'S DIRECT DIAL NO.

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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
$156,720 Subordinate Sewerage System
Revenue Bonds, Series 1987

$38,440 Supplemental Subordinate Sewerage
System 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 $443,275 Water Revenue Bonds, Series 1987 and the Town's $108,725 Supplemental Water Revenue Bonds, Series 1987. The Town has authorized, but not yet issued, 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 Project pending receipt of the certain grant receipts and 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 Town's water project pending the 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

(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
$156,720 Subordinate Sewerage Revenue Bonds, Series 1987.

$38,440 Supplemental Sewerage Revenue Bonds, Series 1987

Ladies and Gentlemen:

I am Town Attorney for the Town of Moorefield, West Virginia (the "Town"). As Town Attorney, 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.

43

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 21, 1987, 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 September 1, 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 net 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 Net Revenues to the payment of the Bonds.

Very truly yours,

SEE, WALTERS & KRAUSKOPF

Jack H. Walters
Town Attorney