TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

Date of Closing: May 28, 1992

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1	*Bond and Notes Ordinance*
2	*Supplemental Bond Resolution*
3	*Loan Agreement*
4	*Supplemental Loan Agreement*
5	*Public Service Commission Order and Letter of No Appeal*
6	*Cross-Receipt for Bonds and Bond Proceeds*
7	*Direction to Authenticate and Deliver Bonds*
8	*Specimen Series 1992 A Bond*
9	*Specimen Series 1992 B Bond*

OPINIONS OF COUNSEL

10	*Approving Opinion on Series 1992 A Bond of Steptoe & Johnson, Bond Counsel*
11	*Approving Opinion on Series 1992 B Bond of Steptoe & Johnson, Bond Counsel*
12	*No Arbitrage Opinion on Series 1992 A Bond of Steptoe & Johnson, Bond Counsel*
13	*Opinion of Counsel to Issuer*

CERTIFICATES

14	*General Certificate of Issuer and Attorney*
15	*Certificate as to Arbitrage*
16	*Certificate of Engineer, with Schedule A Attached*
17	*Certificate of Certified Public Accountant*

DOCUMENTS OF THE ISSUER

18	*Town Charter*
19	*Oaths of Office of Councilmembers*
20	*Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing*
21	*Rate Ordinance*
22	*Affidavit of Publication of Rate Ordinance and Notice of Public Hearing*
23	*Minutes on Adoption and Enactment of Bond Ordinance and Rate Ordinance and Adoption of Supplemental Bond Resolution (Meetings of February 4, 1992; February 24, 1992; April 21, 1992; May 5, 1992; and May 19, 1992)*
24	*IRS Information Return (Form 8038-G) and Letter of Transmittal*
25	*Municipal Bond Commission New Issue Reports*

MISCELLANEOUS DOCUMENTS

26	*EDA Grant Commitment*
27	*Evidence of SCBG Grant*
28	*Acceptance by One Valley Bank, National Association, of Duties as Registrar*
29	*Acceptance by South Branch Valley National Bank, of Duties as Depository Bank*

MISCELLANEOUS DOCUMENTS (Continued)

30	*Certificate of Registration*
31	*Registrar's Agreement*
32	*Assignment Separate From Bond*
33	*1987 Bond Ordinance*
34	*1987 Supplemental Resolution*
35	*WDA Consent to Issuance of Parity Bonds*
36	*Flow of Funds Schematic Diagram*

05/18/92
MOOREB.C2
62150/92001

TOWN OF MOOREFIELD

WATER REVENUE BONDS,
SERIES 1992 A AND SERIES 1992 B

BOND AND NOTES ORDINANCE

Table of Contents

Subject		*Page*
	ARTICLE I *STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS*	
Section 1.01	*Authority for this Ordinance*	*1*
Section 1.02	*Findings*	*1*
Section 1.03	*Bond Legislation Constitutes Contract*	*5*
Section 1.04	*Definitions*	*5*
	ARTICLE II *AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT*	
Section 2.01	*Authorization of Acquisition and Construction of the Project*	*16*
	ARTICLE III *AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT*	
Section 3.01	*Authorization of Bonds*	*17*
Section 3.02	*Terms of Bonds*	*17*
Section 3.03	*Execution of Bonds*	*18*
Section 3.04	*Authentication and Registration*	*18*
Section 3.05	*Negotiability, Transfer and Registration*	*18*
Section 3.06	*Bonds Mutilated, Destroyed, Stolen or Lost*	*19*
Section 3.07	*Bonds not to be Indebtedness of the Issuer*	*20*
Section 3.08	*Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds*	*20*

Section 3.09	*Form of Original Bonds*	*20*
	FORM OF SERIES 1992 A BOND	*21*
	FORM OF SERIES 1992 B BOND	*28*
Section 3.10	*Sale of Original Bonds; Approval and Ratification of Execution of Loan Agreement with Authority*	*35*
Section 3.11	*"Amended Schedule A" Filing; Tender of Series 1992 B Bonds*	*35*

ARTICLE IV
INTERIM CONSTRUCTION FINANCING

Section 4.01	*Authorization and General Terms*	*36*
Section 4.02	*Terms of and Security for Notes; Trust Indenture*	*36*
Section 4.03	*Notes are Special Obligations*	*36*
Section 4.04	*Letters of Credit*	*36*

ARTICLE V
SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	*Establishment of Funds and Accounts with Depository Bank*	*38*
Section 5.02	*Establishment of Funds and Accounts with Commission*	*38*
Section 5.03	*System Revenues; Flow of Funds*	*38*

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	*Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds*	*45*
Section 6.02	*Disbursements From the Bond Construction Trust Fund*	*46*

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	*General Covenants of the Issuer*	*48*
Section 7.02	*Bonds and Notes not to be Indebtedness of the Issuer*	*48*
Section 7.03	*Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds*	*48*
Section 7.04	*Initial Schedule of Rates and Charges*	*49*
Section 7.05	*Sale of the System*	*49*
Section 7.06	*Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances*	*50*
Section 7.07	*Parity Bonds*	*51*

Section 7.08	*Books and Records*	*53*
Section 7.09	*Rates*	*55*
Section 7.10	*Operating Budget and Audit*	*55*
Section 7.11	*No Competing Franchise*	*56*
Section 7.12	*Enforcement of Collections*	*56*
Section 7.13	*No Free Services*	*57*
Section 7.14	*Insurance and Construction Bonds*	*57*
Section 7.15	*Connections*	*58*
Section 7.16	*Completion of Project*	*59*
Section 7.17	*Tax Covenants*	*59*
Section 7.18	*Statutory Mortgage Lien*	*60*

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	*Investments*	*61*
Section 8.02	*Arbitrage*	*62*
Section 8.03	*Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States*	*62*

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	*Events of Default*	*64*
Section 9.02	*Remedies*	*65*
Section 9.03	*Appointment of Receiver*	*65*

ARTICLE X
DEFEASANCE

Section 10.01	*Defeasance of Series 1992 A Bonds*	*67*
Section 10.02	*Defeasance of Series 1992 B Bonds*	*68*
Section 10.03	*Defeasance of Notes*	*69*

ARTICLE XI
MISCELLANEOUS

Section 11.01	*Amendment or Modification of Bond Legislation*	*70*
Section 11.02	*Bond Legislation Constitutes Contract*	*70*
Section 11.03	*Severability of Invalid Provisions*	*70*
Section 11.04	*Headings, Etc.*	*70*
Section 11.05	*Conflicting Provisions Repealed*	*70*
Section 11.06	*Covenant of Due Procedure, Etc.*	*71*
Section 11.07	*Effective Date*	*71*
Section 11.08	*Statutory Notice and Public Hearing*	*71*

SIGNATURES 72
CERTIFICATION 73
EXHIBIT A 74

TOWN OF MOOREFIELD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The Town of Moorefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State.

B. The Issuer now owns and operates a public water treatment and distribution system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for such existing waterworks facilities of the Issuer, consisting of a new water treatment plant, a new water storage tank and approximately 14,000 feet of 12-inch water mains, together with all appurtenant facilities (collectively, the "Project") (the existing waterworks facilities, the Project and any further additions, improvements and betterments thereto or extensions thereof is herein called the "System") at an estimated cost of $3,500,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $3,000,000 in two series, being the Series 1992 A Bonds in the aggregate principal amount of not more than $2,000,000, and the Series 1992 B Bonds in the aggregate principal amount of not more than $1,000,000 (collectively, the "Original Bonds"), to finance costs of acquisition and construction of the Project and (at the option of the Issuer) to issue its waterworks system bond anticipation notes prior to issuance of the Original Bonds and to issue, contemporaneously therewith or as soon as practicable thereafter, its waterworks system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than $500,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Original Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition or construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, commitment fees, fees and expenses of the

Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Original Bonds and the Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Original Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

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

G. There are outstanding obligations of the Issuer which will rank either senior and prior to, on parity with, or junior and subordinate to the Original Bonds as to liens, pledge, source of and security for payment, which obligations are designated and have the respective lien positions, together with the Original Bonds as follows:

Designation	Lien Position
Water Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of $443,275 (the "Series 1987 Bonds")	First Lien
Water Revenue Bonds, Series 1992 A (the "Series 1992 A Bonds")	First Lien
Supplemental Water Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of $108,725 (the "Series 1987 Supplemental Bonds")	Second Lien
Water Revenue Bonds, Series 1992 B (the "Series 1992 B Bonds")	Second Lien

The Series 1987 Bonds and Series 1992 A Bonds are hereinafter collectively called the "First Lien Bonds" and the Series 1987 Supplemental Bonds and Series 1992 B Bonds are hereinafter collectively called the "Second Lien Bonds." The Series 1987 Bonds and the Series 1987 Supplemental Bonds are hereinafter collectively called the "Prior Bonds."

The Series 1992 A Bonds shall be issued on a parity with the Series 1987 Bonds, and senior and prior to the Series 1992 B Bonds and the Series 1987 Supplemental Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1992 B Bonds shall be issued on a parity with the Series 1987 Supplemental Bonds, and junior and subordinate to the Series 1987 Bonds and the Series 1992 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Grant Anticipation Notes, if issued, will not be payable from Gross Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Bonds and Gross Revenues, if necessary, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance

of the Original Bonds and the Notes, or will have so complied prior to issuance thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the date of issuance of the Original Bonds or any of the Notes or such final order will not be subject to appeal.

I. The Issuer has received (or will receive prior to issuance of the Original Bonds) the written consent of the Authority to issuance of the Original Bonds with lien positions with respect to the Prior Bonds as set forth in paragraph G of this Section 1.02.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the net proceeds of the issues of the Original Bonds and the Notes are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Notes and/or the Bonds are to be issued.

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

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

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

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

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

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

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Original Bonds) that ends at the close of business on October 1, unless otherwise required under the Code.

"Bonds" means the Original Bonds, and, where appropriate, the Prior Bonds and any bonds on a parity with the Original Bonds.

"Closing Date" means the date upon which there is an exchange of the Original Bonds for the proceeds representing the purchase of the Original Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and the Regulations.

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

"Consulting Engineers" means William Pallavicini, P.E., Petersburg, West Virginia, or any engineer or firm of engineers that

shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"EDA" means the United States Department of Commerce, Economic Development Authority and any successor to the functions of the EDA.

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

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

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

"Governing Body" means the council of the Issuer, as it may now or hereafter be constituted.

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

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

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any Grant Anticipation Notes; provided that, "EDA Grant Receipts" means only Grant Receipts on account of the EDA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

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

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" or "Town" means the Town of Moorefield, in Hardy County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Original Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the respective Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Original Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Original Bonds and is not acquired in order to carry out the governmental purpose of the Original Bonds.

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

"Notes" means collectively, the not more than $500,000 in aggregate principal amount of waterworks system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the term "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses

of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or the Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $2,000,000 in aggregate principal amount of Series 1992 A Bonds and the not more than $1,000,000 in aggregate principal amount of Series 1992 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means, collectively, the Small Cities Block Grant from the Department of Housing and Urban Development, through the State of West Virginia, pursuant to the commitment therefor, together with any other grant other than the EDA Grant hereafter received by the Issuer to aid in financing any Costs.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar or Registrar for Prior Bonds or Notes Registrar at or prior to said date; (ii) any Bond or Prior Bond or Note for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or as provided in the Indenture, as applicable; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of

Bondholders or Noteholders or holders of Prior Bonds, any Bonds or Notes or Prior Bonds registered to the Issuer.

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 7.07 hereof.

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Prior Bonds" means, collectively, the Series 1987 Bonds and the Series 1987 Supplemental Bonds.

"Prior Ordinance" means the ordinance enacted by the Issuer on November 16, 1987, pursuant to which the Prior Bonds were issued.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the Issuer's existing public waterworks system, consisting generally of a water treatment plant, a water storage tank and approximately 14,000 feet of 12-inch water mains, together with all appurtenant facilities.

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons,

interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as

primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means as appropriate, the Bond Registrar, or the Notes Registrar, or both.

"Regulations" means all applicable regulations promulgated under the Code, or any predecessor thereto.

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

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

"Series 1987 Bonds" means the Issuer's Water Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of $443,275.

"Series 1987 Supplemental Bonds" means the Issuer's Supplemental Water Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of $108,725.

"Series 1992 A Bonds" or "Series A Bonds" means the not more than $2,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1992 A, of the Issuer.

"Series 1992 A Bonds Reserve Account" means the Series 1992 A Bonds Reserve Account established in the Series 1992 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 A Bonds in the then current or any succeeding year.

"Series 1992 A Bonds Sinking Fund" means the Series 1992 A Sinking Fund established by Section 5.02 hereof.

"Series 1992 B Bonds" or "Series B Bonds" means the not more than $1,000,000 in aggregate principal amount of Water Revenue Bonds, Series 1992 B, of the Issuer.

"Series 1992 B Bonds Reserve Account" means the Series 1992 B Bonds Reserve Account established in the Series 1992 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1992 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1992 B Bonds in the then current or any succeeding year.

"Series 1992 B Bonds Sinking Fund" means the Series 1992 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete municipal waterworks system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any further improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $3,500,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and in Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1992 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $3,000,000. Said Bonds shall be issued in two series, to be designated, respectively, "Water Revenue Bonds, Series 1992 A," in the aggregate principal amount of not more than $2,000,000, and "Water Revenue Bonds, Series 1992 B," in the aggregate principal amount of not more than $1,000,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount

equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

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

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

of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

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

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

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

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all the Series 1992 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Gross Revenues derived from the System, senior and prior to the lien on the Gross Revenues in favor of the Holders of the Series 1987 Supplemental Bonds and the Series 1992 B Bonds, and on a parity with the lien on the Gross Revenues in favor of the Holder of the Series 1987 Bonds. The payment of the debt service of all the Series 1992 B Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holder of the Series 1987 Supplemental Bonds but junior and subordinate to the lien on the Gross Revenues in favor of the Holders of the Series 1987 Bonds and the Series 1992 A Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund either existing or hereinafter established, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

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

[FORM OF SERIES 1992 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
WATER REVENUE BOND, SERIES 1992 A

No. AR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) to fund a reserve account for the Bonds; and (iv)] to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project, and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1992, and a Supplemental Resolution duly adopted by the Issuer on _____, 1992 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $443,275 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1987 BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING WATER REVENUE BONDS OF THE ISSUER:

(i) SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,725 (THE "SERIES 1987 SUPPLEMENTAL BONDS"); AND

(ii) WATER REVENUE BONDS, SERIES 1992 B, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

THE SERIES 1987 BONDS AND THE SERIES 1987 SUPPLEMENTAL BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 1987 Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1992 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1992 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1992 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

[FORM OF SERIES 1992 B BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
WATER REVENUE BOND, SERIES 1992 B

No. BR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931,

as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1992, and a Supplemental Resolution duly adopted by the Issuer on _____, 1992 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING WATER REVENUE BONDS OF THE ISSUER:

(i) WATER REVENUE BONDS, SERIES 1992 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1992 A BONDS"); AND

(ii) WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $443,275 (THE "SERIES 1987 BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,725 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1987 SUPPLEMENTAL BONDS").

THE SERIES 1987 BONDS AND THE SERIES 1987 SUPPLEMENTAL BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Series 1987 Bonds and the Series 1992 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay

the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1992 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 B Bonds Reserve Account and the reserve account established for the Series 1992 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1992 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

which lien is subordinate to the lien in favor of the registered owners of the Series 1992 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 this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated _____, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

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

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1992 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1992 B Bonds to the Issuer for payment in an amount equal to such excess to the extent such excess is lawfully available therefor. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1992 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $500,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Bonds or Gross Revenues (if issued in the form of Bond Anticipation Notes) or the Grant Receipts, the Surplus Revenues and the letter of credit proceeds (if issued in the form of Grant Anticipation Notes) and from other sources described in the Indenture and/or supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree

to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $500,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinance);

(2) Renewal and Replacement Fund (established by the Prior Ordinance); and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established (or continued if previously established by the Prior Ordinance) with the Commission:

(1) The Sinking Funds established for the Prior Bonds, including the respective reserve account established therein (established by the Prior Ordinance and therein called the "Sinking Fund" and the "Supplemental Sinking Fund," respectively, and herein collectively called the "Prior Bonds Sinking Funds");

(2) Series 1992 A Bonds Sinking Fund;

(a) Within the Series 1992 A Bonds Sinking Fund, the Series 1992 A Bonds Reserve Account.

(3) Series 1992 B Bonds Sinking Fund;

(a) Within the Series 1992 B Bonds Sinking Fund, the Series 1992 B Bonds Reserve Account.

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

(1) The Issuer shall first (i) on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1987 Bonds Sinking Fund for payment of the principal of and interest on the Series 1987 Bonds, and simultaneously therewith commencing 7 months prior to the first date of payment of interest on the Series 1992 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1992 A Bonds on the next ensuing semiannual interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1992 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the reserve account established therein for the Series 1987 Bonds and simultaneously therewith commencing 13 months prior to the first date of payment of principal of the Series 1992 A Bonds, if not fully funded upon issuance of the Series 1992 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 A Bonds Reserve Requirement; provided, that no further payments shall be made into the

Series 1992 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1992 A Bonds Reserve Requirement.

(3) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month (as previously set forth in the Prior Ordinance and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserve accounts established with respect to the Prior Bonds, the Series 1992 A Bonds Reserve Account or the Series 1992 B Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1987 Supplemental Bonds Sinking Fund for payment of principal of the Series 1987 Supplemental Bonds, and simultaneously therewith commencing 13 months prior to the first date of payment of principal on the Series 1992 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1992 B Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1992 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and pay to the Commission the amounts required by the Prior Ordinance to be deposited in the reserve account established therein for the Series 1987 Supplemental Bonds, and simultaneously therewith commencing 13 months prior to the first date of payment of principal of the Series 1992 B Bonds, if not fully funded upon issuance of the Series 1992 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1992 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1992 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1992 B Bonds Reserve Requirement.

(6) Thereafter, the Issuer shall, each month, pay from the Revenue Fund current Operating Expenses of the System.

Moneys in the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1992 A Bonds Reserve Account which result in a reduction in the balance of the Series 1992 A Bonds Reserve Account to below the Series 1992 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full

to the Series 1992 A Bonds Sinking Fund for payment of debt service on the Series 1992 A Bonds and to the Series 1987 Bonds Sinking Fund for payment of debt service on the Series 1987 Bonds.

Any withdrawals from the Series 1992 B Bonds Reserve Account which result in a reduction in the balance of the Series 1992 B Bonds Reserve Account to below the Series 1992 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Series 1987 Bonds Sinking Fund, the Series 1992 A Bonds Sinking Fund, the Series 1987 Bonds Reserve Account, the Series 1992 A Bonds Reserve Account, the Renewal and Replacement Fund, and the Series 1992 B Bonds Sinking Fund have been made in full.

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

The Issuer shall not be required to make any further payments into the Series 1992 A Bonds Sinking Fund, or the Series 1992 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

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

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Accounts therein, the Prior Bonds Sinking Fund and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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

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

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

subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1992 A Bonds, there shall first be deposited with the Commission in the Series 1992 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1992 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1992 A Bonds, there shall be deposited with the Commission in the Series 1992 A Bonds Reserve Account and from the proceeds of the Series 1992 B Bonds, there shall be deposited with the Commission in the Series 1992 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1992 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

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

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1992 A Bonds, and thereafter, for the Series 1992 B Bonds. In the event that Notes are issued, the disposition of funds in the Bond

Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

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

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

After completion of the Project, as certified by the Consulting Engineers, and all Costs have been paid, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1992 A Bonds Reserve Account, and when fully

funded to the Series 1992 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund; provided that, in no event shall more than 10% of the proceeds of either or both the Series 1992 A Bonds or the Series 1992 B Bonds be deposited in the Reserve Accounts and any balance in excess of said amounts shall be returned to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1992 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1992 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1992 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on said Gross Revenues in favor of the Holders of the Series 1987 Bonds, and senior and prior to the lien on said Gross Revenues in favor of the Holders of the Series 1987 Supplemental Bonds and the Series 1992 B Bonds. The payment of the debt service of the Series 1992 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, on a parity with the lien on said Gross Revenues in favor of the Holders of the Series 1987 Supplemental

Bonds, and junior and subordinate to the lien on said Gross Revenues in favor of the Holders of the Series 1987 Bonds and the Series 1992 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinance of the Issuer enacted February 24, 1992, which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such

properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 66-2/3% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, the Issuer shall not issue any other obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior

to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1992 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1992 A Bonds and the Series 1992 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1992 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1992 A Bonds, unless the Series 1992 B Bonds are no longer outstanding.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be

received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Prior Bonds and any other obligations with a lien on the Gross Revenues prior to or on a parity with the Bonds;

(2) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith)

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Prior Bonds, the Series 1992 A Bonds and the Series 1992 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Prior Bonds, the Series 1992 A Bonds or the Series 1992 B Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinance, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinance.

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which

complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

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

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Bonds or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds, and shall submit said report to the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations prior to or on a parity with the Bonds (including the Prior Bonds) are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10%

of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

the services of the System to all users thereof delinquent in payment of charges for the services of the System and will not restore such services of the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

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

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion

of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

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

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.15. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Original Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Original Bonds during the term thereof is, under the terms of the Original Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Original Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Original Bonds during the term thereof is, under the terms of the Original Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Original Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Original Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Original Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Original Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Original Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Original Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1992 A Bonds shall be on a parity with that in favor of the Holders of the Series 1987 Bonds, and shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1992 B Bonds and the Series 1987 Supplemental Bonds; and the statutory mortgage lien in favor of the Holders of the Series 1992 B Bonds shall be junior and subordinate to that in favor of the Holders of the Series 1987 Bonds and the Series 1992 A Bonds, and shall be on a parity with that in favor of the Holders of the Series 1987 Supplemental Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the

Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Original Bonds which would cause the Original Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Original Bonds) so that the interest on the Original Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Original Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Original Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Original Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or

cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Original Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

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

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

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or the Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or the Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or the Bonds, as the case may be, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy of the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1992 B Bonds and the Series 1987 Supplemental Bonds shall be subject to those of the Holders of the Series 1992 A Bonds and the Series 1987 Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond or a Bond Anticipation Note, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds or Bond Anticipation Notes, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every

part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1992 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1992 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1992 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1992 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1992 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior

to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1992 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1992 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1992 B Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1992 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

Series 1992 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of such Series 1992 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1992 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of said Series 1992 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of said Series 1992 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such

reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Series 1992 A Bonds or the Series 1992 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure the exclusion of interest on the Original Bonds and the Notes from gross income of the Holders thereof.

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

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

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such

conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Moorefield Examiner, a qualified newspaper published and of general circulation in the Town of Moorefield, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds described herein and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - April 21, 1992

Passed on Second Reading - May 5, 1992

Passed on Final Reading
Following Public
Hearing - May 19, 1992

Mayor

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF MOOREFIELD on the 19th of May, 1992.

Dated: May 28, 1992

[SEAL]

Recorder

05/18/92
MOOREB.A4
62150/92001

"EXHIBIT A"

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

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1992 A AND SERIES 1992 B OF THE TOWN OF MOOREFIELD; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the town council (the "Governing Body") of the Town of Moorefield (the "Issuer"), has duly and officially adopted and enacted a bond and notes ordinance, effective May 19, 1992 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE

TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Water Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $3,000,000, to be issued in two series, the Series 1992 A Bonds to be in an aggregate principal amount of not more than $2,000,000 (the "Series 1992 A Bonds") and the Series 1992 B Bonds to be in an aggregate principal amount of not more than $1,000,000 (the "Series 1992 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1992 A Bonds to be dated the date of delivery of the Bonds, and a supplemental loan agreement relating to the Series 1992 B Bonds, also to be dated the date of delivery of the Bonds (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

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

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

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

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

(A) The Water Revenue Bonds, Series 1992 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,451,613. The Series 1992 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall bear interest at the rate of 7.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1992, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Water Revenue Bonds, Series 1992 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $48,387. The Series 1992 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2031, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1992 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

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

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint South Branch Valley National Bank, Moorefield, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1992 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1992 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1992 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1992 A Bonds Reserve Account and Series 1992 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1992 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from the Issuer's general fund or from the Authority.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about May 28, 1992, to the Authority pursuant to the Loan Agreement.

Section 12. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public

purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank in repurchase agreements secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements, until further directed in writing by the Issuer. Moneys in the Sinking Funds for the Bonds shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1992, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 19th day of May, 1992.

TOWN OF MOOREFIELD

Mayor

05/18/92
MOOREB.G2
62150/92001

WDA-5
(July 1990)

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
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

1.2 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any successor thereto.

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is

doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

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

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

(f) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") necessary for ıe construction of the Project and operation of the System, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Governmental Agency and the Governmental Agency shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Loan by purchasing the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority.

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

(vi) That the Governmental Agency will carry such insurance as is customarily carried with respect to works and properties similar to the System, including those specified by Section 2.8 hereof;

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

(xvi) That, unless it qualifies for an exception to the provisions of Section 148 of the Code, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at

such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Project;

(xix) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and

subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

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

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

4.5 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.6 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

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

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

next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

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

6.5 The Governmental Agency hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Governmental Agency fails to make any such rebates as required, then the Governmental Agency shall pay any and all penalties, obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for Federal income tax purposes of interest on the Local Bonds.

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedule X shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

IN WITNESS WHEREOF, the parties hereto have caused this Loan Agreement to be executed by their respective duly authorized officers as of the date executed below by the Authority.

Town of Moorefield
[Proper Name of Governmental Agency]

(SEAL)

By: T. Tamas Sagan
Its: Mayor

Attest:

Its Recorder

Date: May 28, 1992

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Yankoski
Director

Attest:

Barbara B. Meadows
Secretary-Treasurer

Date: May 28, 1992

WDA-5X
(July 1990)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,451,613.00

Purchase Price of Local Bonds $1,451,613.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 7.75 % 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:

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Town of Moorefield (WATER)

Closing 5/28/92
Interest Bearing Loan: $1,451,613.00

Date	Coupon	Principal	Interest	Debt Service
10/1/92	7.75%	0.00	38,437.50	38,437.50
10/1/93	7.75%	6,474.00	112,500.01	118,974.01
10/1/94	7.75%	6,976.00	111,998.27	118,974.27
10/1/95	7.75%	7,516.00	111,457.63	118,973.63
10/1/96	7.75%	8,099.00	110,875.14	118,974.14
10/1/97	7.75%	8,727.00	110,247.47	118,974.47
10/1/98	7.75%	9,403.00	109,571.13	118,974.13
10/1/99	7.75%	10,132.00	108,842.40	118,974.40
10/1/00	7.75%	10,917.00	108,057.17	118,974.17
10/1/01	7.75%	11,763.00	107,211.10	118,974.10
10/1/02	7.75%	12,675.00	106,299.47	118,974.47
10/1/03	7.75%	13,657.00	105,317.15	118,974.15
10/1/04	7.75%	14,715.00	104,258.74	118,973.74
10/1/05	7.75%	15,856.00	103,118.32	118,974.32
10/1/06	7.75%	17,085.00	101,889.48	118,974.48
10/1/07	7.75%	18,409.00	100,565.40	118,974.40
10/1/08	7.75%	19,835.00	99,138.70	118,973.70
10/1/09	7.75%	21,372.00	97,601.49	118,973.49
10/1/10	7.75%	23,029.00	95,945.16	118,974.16
10/1/11	7.75%	24,813.00	94,160.41	118,973.41
10/1/12	7.75%	26,737.00	92,237.40	118,974.40
10/1/13	7.75%	28,809.00	90,165.28	118,974.28
10/1/14	7.75%	31,041.00	87,932.59	118,973.59
10/1/15	7.75%	33,447.00	85,526.91	118,973.91
10/1/16	7.75%	36,039.00	82,934.77	118,973.77
10/1/17	7.75%	38,832.00	80,141.74	118,973.74
10/1/18	7.75%	41,842.00	77,132.26	118,974.26
10/1/19	7.75%	45,084.00	73,889.51	118,973.51
10/1/20	7.75%	48,579.00	70,395.50	118,974.50
10/1/21	7.75%	52,343.00	66,630.63	118,973.63
10/1/22	7.75%	56,400.00	62,574.04	118,974.04
10/1/23	7.75%	60,771.00	58,203.04	118,974.04
10/1/24	7.75%	65,481.00	53,493.29	118,974.29
10/1/25	7.75%	70,556.00	48,418.51	118,974.51
10/1/26	7.75%	76,024.00	42,950.42	118,974.42
10/1/27	7.75%	81,915.00	37,058.56	118,973.56
10/1/28	7.75%	88,264.00	30,710.15	118,974.15
10/1/29	7.75%	95,104.00	23,869.69	118,973.69
10/1/30	7.75%	102,475.00	16,499.13	118,974.13
10/1/31	7.75%	110,417.00	8,557.32	118,974.32
		1,451,613.00	3,226,812.88	4,678,425.88

Prepared 5/15/92

SCHEDULE Y
REVENUES

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

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

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

Additional Conditions and Covenants

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

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

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

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

4. The paying agent for the Local Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

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

(a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or $100,000;

(b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;

(c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

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

WDA-Supp. 5
(July 1990)

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
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

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

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

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

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

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

(g) The net proceeds of the Supplemental Bonds, together with the net proceeds of the Local Bonds and all other moneys on deposit or to be simultaneously deposited (or, with

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

3.2 Subject to the terms and provisions of this Supplemental Loan Agreement, the rules and regulations promulgated by the Authority or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Supplemental Loan to the Governmental Agency and the Governmental Agency shall accept the Supplemental Loan from the Authority, and in furtherance thereof it is agreed that the Governmental Agency shall sell to the Authority and the Authority shall make the Supplemental Loan by purchasing the Supplemental Bonds in the principal amount and at the price set forth in Schedule X hereto. The Supplemental Bonds shall have such further terms and provisions as described in Article IV hereof.

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and the Supplemental Bonds and any such prior or parity obligations;

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

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

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

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

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

(viii) That any bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including

the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement and that the Governmental Agency's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof;

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

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

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

(xv) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer, in the form attached to the Loan Application, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority, the Project is adequate for the purposes for which it was designed and the funding plan as submitted to the Authority is sufficient to pay the costs of acquisition and construction of the Water Development Project;

(xvi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

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

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

ARTICLE V

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

5.1 The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Supplemental Loan Agreement and the Local Act. The Governmental Agency hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to make the Supplemental Loan, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System, as set forth in the Local Act and in compliance with the provisions of Subsection 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

ARTICLE VII

Miscellaneous

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

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

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

7.4 This Supplemental Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments and take such other actions as may be necessary to give effect to the terms of this Supplemental Loan Agreement.

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

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

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

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

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

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

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

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

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

Town of Moorefield
[Proper Name of Governmental Agency]

(SEAL)

By [signature]
Its Mayor

Attest:

Date: May 28, 1992

[signature]
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: May 28, 1992

Barbara B. Meadows
Secretary-Treasurer

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 48,387.00
Purchase Price of Supplemental Bonds	$ 48,387.00

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

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

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

West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Town of Moorefield (WATER)

Closing 5/28/92
Interest Free Loan: $48,387.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	1,240.69	1,240.69
10/1/94	1,240.69	1,240.69
10/1/95	1,240.69	1,240.69
10/1/96	1,240.69	1,240.69
10/1/97	1,240.69	1,240.69
10/1/98	1,240.69	1,240.69
10/1/99	1,240.69	1,240.69
10/1/00	1,240.69	1,240.69
10/1/01	1,240.69	1,240.69
10/1/02	1,240.69	1,240.69
10/1/03	1,240.69	1,240.69
10/1/04	1,240.69	1,240.69
10/1/05	1,240.69	1,240.69
10/1/06	1,240.69	1,240.69
10/1/07	1,240.69	1,240.69
10/1/08	1,240.69	1,240.69
10/1/09	1,240.69	1,240.69
10/1/10	1,240.69	1,240.69
10/1/11	1,240.69	1,240.69
10/1/12	1,240.69	1,240.69
10/1/13	1,240.69	1,240.69
10/1/14	1,240.69	1,240.69
10/1/15	1,240.69	1,240.69
10/1/16	1,240.69	1,240.69
10/1/17	1,240.69	1,240.69
10/1/18	1,240.69	1,240.69
10/1/19	1,240.69	1,240.69
10/1/20	1,240.69	1,240.69
10/1/21	1,240.69	1,240.69
10/1/22	1,240.69	1,240.69
10/1/23	1,240.69	1,240.69
10/1/24	1,240.69	1,240.69
10/1/25	1,240.69	1,240.69
10/1/26	1,240.69	1,240.69
10/1/27	1,240.69	1,240.69
10/1/28	1,240.69	1,240.69
10/1/29	1,240.69	1,240.69
10/1/30	1,240.69	1,240.69
10/1/31	1,240.78	1,240.78
	48,387.00	48,387.00

Prepared 5/15/92

SCHEDULE Y
REVENUES

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

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

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

(iii) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

Additional Conditions and Covenants

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

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

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

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

4. The paying agent for the Supplemental Bonds shall be the West Virginia Municipal Bond Commission or any successor to the functions thereof.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5-14-92

Entered: April 24, 1992

CASE NO. 92-0140-W-CN

TOWN OF MOOREFIELD, a municipal corporation, Hardy County.
Application for a certificate of convenience and necessity to construct improvements to its water system including approximately 14,000 linear feet of 12-inch water mains, a 1,250,000 gallon water storage tank; and a 2,500,000 gallon per day water treatment plant at Moorefield, Hardy County.

RECOMMENDED DECISION

On February 10, 1992, the Town of Moorefield (Moorefield), a municipal corporation, Moorefield, Hardy County, filed an application with the Public Service Commission, pursuant to West Virginia Code (Code) §24-2-11, for a certificate of convenience and necessity to construct improvements to its water system, including approximately 14,000 linear feet of 12-inch water mains, a 1,250,000 gallon water storage tank and a 2,500,000 gallon per day water treatment plant, to be located in Moorefield, Hardy County, West Virginia.

On February 10, 1992, the Commission directed Moorefield to publish the Notice of Filing, which provided that, if no protests thereto were filed within thirty days, the Commission may waive formal hearing and grant the application based upon its review of the evidence submitted with the application. On February 22, 1992, Moorefield filed an affidavit of publication which indicated that the Notice of Filing had been published on February 19, 1992, in The Moorefield Examiner, a newspaper published and of general circulation in Hardy County, West Virginia. The Commission's file contains no protests to the application.

On February 21, 1992, the Commission Referral Order was entered, referring this matter to the Division of Administrative Law Judges (ALJ Division) and requiring the ALJ Division to render a recommended decision on or before September 8, 1992. Pursuant thereto, on March 5, 1992, the Administrative Law Judge (ALJ) issued a Procedural Order establishing a procedural schedule to be followed in the processing and resolution of this matter, including a June 16, 1992 hearing date.

On April 1, 1992, Staff Attorney Susan J. Riggs, Esquire, filed the Final Joint Staff Memorandum, dated April 16, 1992, in this proceeding. Attached thereto was the Final Staff Memorandum, dated April 14, 1992, from Utilities Analyst Debbie McCoy and Staff Engineer Jim Spurlock, both

the Water and Sewer Section, Utilities Division. Together, these memoranda comprise Staff's final recommendation in this matter.

Staff indicated that the project is needed to accommodate increased water demand resulting from an industrial expansion on the part of the Rockingham Poultry Plant in Moorefield. Projected increases in commercial and residential demand were also considered in the design of the proposed water system improvements. The estimated total cost of the project is $3,500,000. Funding will be provided by a grant from the Economic Development Authority (EDA) in the amount of $1,250,000; a West Virginia Small Cities Grant (SCG) in the amount of $750,000; and a West Virginia Water Development Authority (WDA) bond issuance in the amount of $1,500,000. Staff noted that bids have been received for the construction of the project which fall well within the cost estimates.

Staff stated that an analysis of Moorefield's Rule 42 Exhibit for the year ended June 30, 1992, demonstrates that the rates to be placed into effect on April 9, 1992, would adequately fund the proposed project, including the subsequent increased operation and maintenance expenses and increased debt service which will result from the expansion project. Staff also noted that Moorefield had submitted copies of all required permits and grant approvals. Staff thereupon recommended approval of the application, including the proposed financing of the project, without a hearing.

DISCUSSION

Upon consideration of all of the above, since there is no dispute between Commission Staff and Moorefield, the ALJ will consider the parties to have waived their rights to file proposed findings of fact and conclusions of law, or briefs, in this proceeding, pursuant to Code §24-1-9(b), or to a hearing. The ALJ is of the opinion that the application for a certificate of convenience and necessity, including the approval of the financing of the proposed project, should be granted since proper publication of the Notice of Filing was made and no timely protests thereto were filed; since Moorefield's existing rates and charges will adequately fund the project; since the project is needed to accommodate industrial, commercial and residential expansion in the Moorefield area; and since Staff has recommended approval thereof, without a hearing. Entry of this Recommended Decision obviates the necessity of the procedural schedule heretofore established, including the June 16, 1992 hearing.

FINDINGS OF FACT

1. The Town of Moorefield filed an application with the Commission, pursuant to Code §24-2-11, seeking a certificate of convenience and necessity to construct improvements to its water system, including approximately 14,000 linear feet of 12-inch water mains, a 1,250,000 gallon water storage tank and a 2,500,000 gallon per day water treatment plant, to be located in Moorefield, Hardy County, West Virginia. (See, Application filed February 10, 1992).

2. Moorefield caused the Notice of Filing to be published in The Moorefield Examiner, a newspaper published and of general circulation in Hardy County, on February 19, 1992. The Notice of Filing provided that, if no protests thereto were filed within thirty days, the Commission may waive formal hearing and grant the application based upon its review of the evidence submitted with the application. (See, Affidavit of Publication, filed February 22, 1992).

3. No timely protests to the application have been filed. (See, Commission's case file).

4. The proposed project is needed to accommodate increased water demand due to industrial, commercial and residential expansion in the Moorefield area. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

5. An EDA grant of $1,250,000, a SCG grant of $750,000, and a WDA bond of $1,500,000 have been secured to fund the proposed $3,500,000 water project. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

6. Construction bids have been received which are within the project's cost estimates. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

7. Moorefield's existing rates will adequately fund the proposed project. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

8. Copies of the required permits and funding approvals have been filed with the Commission. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

9. Staff has recommended approval of the application, including approving the proposed funding of the project, without a hearing. (See, Final Joint Staff Memorandum, with Attachments, filed April 17, 1992).

CONCLUSIONS OF LAW

1. Since the proposed project is needed to accommodate increased water demand due to industrial, commercial and residential expansion in the Moorefield area, it is reasonable to conclude that Moorefield has proven the necessity of the project.

2. Since an EDA grant of $1,250,000, a SCG grant of $750,000, and a WDA bond of $1,500,000 have been secured to fund the proposed $3,500,000 water project; since construction bids have been received which are within the project's cost estimates; and since Moorefield's existing rates will adequately fund the proposed project, it is reasonable to conclude that the public's convenience will be promoted by the project.

3. Since the public's convenience and necessity will be served by the project; since no timely protests to the application have been filed;

Since copies of the required permits and funding approvals have been filed with the Commission; and since Staff has recommended approval of the application, including approving the proposed funding of the project, without a hearing, it is reasonable to approve the application, including the funding thereof, without a hearing.

ORDER

IT IS, THEREFORE, ORDERED that the application filed with the Commission on February 10, 1992, by the Town of Moorefield, pursuant to Code §24-2-11, for a certificate of convenience and necessity to construct improvements to its water system, including approximately 14,000 linear feet of 12-inch water mains, a 1,250,000 gallon water storage tank, and a 2,500,000 gallon per day water treatment plant, to be located in Moorefield, Hardy County, be, and the same hereby is, approved, without a hearing.

IT IS FURTHER ORDERED that the proposed funding of the project in an amount not to exceed $3,500,000, comprising a $1,250,000 EDA Grant, a $750,000 SCG grant and a $1,500,000 WDA bond issuance, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the procedural schedule heretofore established by the March 5, 1992 Procedural Order, including the June 16, 1992 hearing, be, and the same hereby is, cancelled.

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

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

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

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

Ronnie Z. McCann
Administrative Law Judge

RZM:dfs

Public Service Commission
Of West Virginia

Richard E. Hill
General Counsel

Phone: (304) 340-0311
FAX (304) 341-1327

May 18, 1992

T. Lamar Sager, Mayor
Town of Moorefield
206 Winchester Avenue
Moorefield, WV 26836

Re: Case No. 92-0140-W-CN
Town of Moorefield

Dear Mayor Sager:

Please be advised that the Staff of the Public Service Commission has reviewed the Recommended Decision entered in the above-referenced proceeding April 24, 1992 by Administrative Law Judge Ronnie Z. McCann and has determined that it will not appeal the Decision.

As no other parties appeared in protest or as intervenors to the proceeding, it may be concluded that unless the Town of Moorefield intends to appeal the Recommended Decision, the Decision will remain final.

Sincerely,

Susan J. Riggs

Susan J. Riggs
Staff Attorney

SJR/cbd

cc: Howard M. Cunningham
Vince A. Collins, Esquire
Jack H. Walters, Esquire

5B

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Director of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority"), and T. LaMar Sager, Mayor of the Town of Moorefield (the "Issuer"), hereby certify as follows:

1. On the 28th day of May, 1992, the Authority received the entire original issue of $1,500,000 in aggregate principal amount of Water Revenue Bonds, Series 1992 A and Series 1992 B of the Issuer (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated May 28, 1992, the Series 1992 A Bond being in the principal amount of $1,451,631 and the Series 1992 B Bond being in the principal amount of $48,387.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by T. LaMar Sager, as Mayor of the Issuer, and Phyllis J. Sherman, as Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1992 A Bonds in the aggregate amount of $1,451,613 and proceeds of the Series 1992 B Bonds in the aggregate principal amount of $48,387 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the TOWN OF MOOREFIELD has caused this receipt to be duly executed and delivered by its Mayor, as of this 28th day of May, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Director

TOWN OF MOOREFIELD

By T. Tolman Sagner
Mayor

05/18/92
MOOREB.H2
621505/92001

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association,
as Bond Registrar
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Moorefield Water Revenue Bonds, Series 1992 A, in the principal amount of $1,451,613 and Bond No. BR-1, constituting the entire original issue of the Town of Moorefield Water Revenue Bonds, Series 1992 B, in the principal amount of $48,387, both dated May 28, 1992 (collectively, the "Bonds"), executed by the Mayor and Recorder of the Town of Moorefield (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Ordinance and a Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

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

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated May 28, 1992, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"); and

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

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of $1,500,000, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated by an authorized officer, as Bond Registrar, in

accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 28th day of May, 1992.

TOWN OF MOOREFIELD

By _____
Mayor

05/18/92
MOOREB.I2
62150/92001

SPECIMEN BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
WATER REVENUE BOND, SERIES 1992 A

No. AR-1 $1,451,613

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FOUR HUNDRED FIFTY-ONE THOUSAND SIX HUNDRED THIRTEEN DOLLARS ($1,451,613), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1992. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated May 28, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the

"Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project, and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on May 19, 1992, and a Supplemental Resolution duly adopted by the Issuer on May 19, 1992 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $443,275 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1987 BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING WATER REVENUE BONDS OF THE ISSUER:

> (i) SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,725 (THE "SERIES 1987 SUPPLEMENTAL BONDS"); AND
>
> (ii) WATER REVENUE BONDS, SERIES 1992 B, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $48,387 (THE "SERIES 1992 B BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

THE SERIES 1987 BONDS AND THE SERIES 1987 SUPPLEMENTAL BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Series 1987 Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1992 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Such Gross

Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 A Bonds Reserve Account and unexpended proceeds of the Bonds and the Series 1992 B Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds, the Series 1992 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1992 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1992 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1992 B Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary

expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be affixed hereon and attested by its Recorder, and has caused this Bond to be dated May 28, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

Exhibit A

West Virginia Water Development Authority
Interest Bearing Local Loan from Series 1991 A Pool
Debt Service Schedule - Town of Moorefield (WATER)

Closing 5/28/92
Interest Bearing Loan: $1,451,613.00

Date	Coupon	Principal	Interest	Debt Service
10/1/92	7.75%	0.00	38,437.50	38,437.50
10/1/93	7.75%	6,474.00	112,500.01	118,974.01
10/1/94	7.75%	6,976.00	111,998.27	118,974.27
10/1/95	7.75%	7,516.00	111,457.63	118,973.63
10/1/96	7.75%	8,099.00	110,875.14	118,974.14
10/1/97	7.75%	8,727.00	110,247.47	118,974.47
10/1/98	7.75%	9,403.00	109,571.13	118,974.13
10/1/99	7.75%	10,132.00	108,842.40	118,974.40
10/1/00	7.75%	10,917.00	108,057.17	118,974.17
10/1/01	7.75%	11,763.00	107,211.10	118,974.10
10/1/02	7.75%	12,675.00	106,299.47	118,974.47
10/1/03	7.75%	13,657.00	105,317.15	118,974.15
10/1/04	7.75%	14,715.00	104,258.74	118,973.74
10/1/05	7.75%	15,856.00	103,118.32	118,974.32
10/1/06	7.75%	17,085.00	101,889.48	118,974.48
10/1/07	7.75%	18,409.00	100,565.40	118,974.40
10/1/08	7.75%	19,835.00	99,138.70	118,973.70
10/1/09	7.75%	21,372.00	97,601.49	118,973.49
10/1/10	7.75%	23,029.00	95,945.16	118,974.16
10/1/11	7.75%	24,813.00	94,160.41	118,973.41
10/1/12	7.75%	26,737.00	92,237.40	118,974.40
10/1/13	7.75%	28,809.00	90,165.28	118,974.28
10/1/14	7.75%	31,041.00	87,932.59	118,973.59
10/1/15	7.75%	33,447.00	85,526.91	118,973.91
10/1/16	7.75%	36,039.00	82,934.77	118,973.77
10/1/17	7.75%	38,832.00	80,141.74	118,973.74
10/1/18	7.75%	41,842.00	77,132.26	118,974.26
10/1/19	7.75%	45,084.00	73,889.51	118,973.51
10/1/20	7.75%	48,579.00	70,395.50	118,974.50
10/1/21	7.75%	52,343.00	66,630.63	118,973.63
10/1/22	7.75%	56,400.00	62,574.04	118,974.04
10/1/23	7.75%	60,771.00	58,203.04	118,974.04
10/1/24	7.75%	65,481.00	53,493.29	118,974.29
10/1/25	7.75%	70,556.00	48,418.51	118,974.51
10/1/26	7.75%	76,024.00	42,950.42	118,974.42
10/1/27	7.75%	81,915.00	37,058.56	118,973.56
10/1/28	7.75%	88,264.00	30,710.15	118,974.15
10/1/29	7.75%	95,104.00	23,869.69	118,973.69
10/1/30	7.75%	102,475.00	16,499.13	118,974.13
10/1/31	7.75%	110,417.00	8,557.32	118,974.32
		1,451,613.00	3,226,812.88	4,678,425.88

Prepared 5/15/92

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
WATER REVENUE BOND, SERIES 1992 B

No. BR-1 $48,387

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FORTY-EIGHT THOUSAND THREE HUNDRED EIGHTY-SEVEN DOLLARS ($48,387), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated May 28, 1992.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing waterworks facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing waterworks system of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on May 19, 1992, and a Supplemental Resolution duly adopted by the Issuer on May 19, 1992 (collectively called the "Bond Legislation"), and is subject to all

the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE FOLLOWING WATER REVENUE BONDS OF THE ISSUER:

(i) WATER REVENUE BONDS, SERIES 1992 A, ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,451,613 (THE "SERIES 1992 A BONDS"); AND

(ii) WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $443,275 (THE "SERIES 1987 BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SUPPLEMENTAL WATER REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $108,725 AND DESCRIBED IN THE BOND LEGISLATION (THE "SERIES 1987 SUPPLEMENTAL BONDS").

THE SERIES 1987 BONDS AND THE SERIES 1987 SUPPLEMENTAL BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Series 1987 Bonds and the Series 1992 A Bonds, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1992 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1992 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and

equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, the Series 1992 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity therewith, including the Prior Bonds, provided however, that so long as there exists in the Series 1992 B Bonds Reserve Account and the reserve account established for the Series 1992 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1992 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1992 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 this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated May 28, 1992.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1992 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

Exhibit A

West Virginia Water Development Authority
Interest Free Local Loan from Series 1991 A Pool
Debt Service Schedule - Town of Moorefield (WATER)

Closing 5/28/92
Interest Free Loan: $48,387.00

Date	Interest Free Loan	Debt Service
10/1/92	0.00	0.00
10/1/93	1,240.69	1,240.69
10/1/94	1,240.69	1,240.69
10/1/95	1,240.69	1,240.69
10/1/96	1,240.69	1,240.69
10/1/97	1,240.69	1,240.69
10/1/98	1,240.69	1,240.69
10/1/99	1,240.69	1,240.69
10/1/00	1,240.69	1,240.69
10/1/01	1,240.69	1,240.69
10/1/02	1,240.69	1,240.69
10/1/03	1,240.69	1,240.69
10/1/04	1,240.69	1,240.69
10/1/05	1,240.69	1,240.69
10/1/06	1,240.69	1,240.69
10/1/07	1,240.69	1,240.69
10/1/08	1,240.69	1,240.69
10/1/09	1,240.69	1,240.69
10/1/10	1,240.69	1,240.69
10/1/11	1,240.69	1,240.69
10/1/12	1,240.69	1,240.69
10/1/13	1,240.69	1,240.69
10/1/14	1,240.69	1,240.69
10/1/15	1,240.69	1,240.69
10/1/16	1,240.69	1,240.69
10/1/17	1,240.69	1,240.69
10/1/18	1,240.69	1,240.69
10/1/19	1,240.69	1,240.69
10/1/20	1,240.69	1,240.69
10/1/21	1,240.69	1,240.69
10/1/22	1,240.69	1,240.69
10/1/23	1,240.69	1,240.69
10/1/24	1,240.69	1,240.69
10/1/25	1,240.69	1,240.69
10/1/26	1,240.69	1,240.69
10/1/27	1,240.69	1,240.69
10/1/28	1,240.69	1,240.69
10/1/29	1,240.69	1,240.69
10/1/30	1,240.69	1,240.69
10/1/31	1,240.78	1,240.78
	48,387.00	48,387.00

Prepared 5/15/92

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

May 28, 1992

Town of Moorefield
Water Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Moorefield (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,451,613 Water Revenue Bonds, Series 1992 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated May 28, 1992, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1992, at the rate of 7.75% per annum, and with principal installments payable on October 1 in each of the years 1993 through 2031, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

10

We have also examined the applicable provisions of the Local Statute, the Bond and Notes Ordinance duly enacted by the Issuer on May 19, 1992, as supplemented by a Supplemental Resolution adopted May 19, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

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

4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a first lien on and pledge of the Gross Revenues of said System, on a parity, with respect to liens, pledge and source of and security for payment with the Issuer's outstanding Water Revenue Bonds, Series 1987, dated November 20, 1987, and issued in the original aggregate principal amount of $443,275, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989). The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross

income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

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

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds, the Loan Agreement and the Local Act, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Local Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

05/21/92
MOOREB.J3
62150/92001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

May 28, 1992

Town of Moorefield
Water Revenue Bonds, Series 1992 B

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

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Moorefield (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $48,387 Water Revenue Bonds, Series 1992 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated May 28, 1992, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1993 through 2031, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated May 28, 1992, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to liens, pledge and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Water Revenue Bonds, Series 1992 A" (the "Local Bonds"), issued simultaneously herewith in the aggregate principal amount of $1,451,613 and to the Issuer's outstanding Water Revenue Bonds, Series 1987, dated November 20, 1987, and issued in the original aggregate principal amount of $443,275 (the "Series 1987 Bonds"). The Supplemental Bonds are on a parity as to liens, pledge and source of and security for payment with the Issuer's outstanding Supplemental Water Revenue Bonds, Series 1987, dated November 20,

11

1987, and issued in the original aggregate principal amount of $108,725 (the "Series 1987 Supplemental Bonds").

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the Bond and Notes Ordinance duly enacted by the Issuer on May 19, 1992, as supplemented by a Supplemental Resolution adopted May 19, 1992 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Supplemental Loan Agreement and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.

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

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Gross Revenues of said System, junior and subordinate only to the Local Bonds and the Series 1987 Bonds, and on a parity with the Series 1987 Supplemental Bonds, all in accordance with the terms of the Supplemental Bonds and the Local Act.

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

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

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds, the Supplemental Loan Agreement and the Local Act, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Supplemental Bond numbered BR-1, and in our opinion the form of such bond and its execution and authentication are regular and proper.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

05/21/92
MOOREB.K3
62150/92001

STEPTOE & JOHNSON
ATTORNEYS AT LAW
SIXTH FLOOR
UNION NATIONAL CENTER EAST
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6991
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

May 28, 1992

Town of Moorefield
Water Revenue Bonds, Series 1992 A

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

Ladies and Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $1,451,613 aggregate principal amount of Water Revenue Bonds, Series 1992 A (the "Local Bonds"), of the Town of Moorefield (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

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

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

The opinions set forth above are subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must

be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with such requirements may cause the inclusion of interest on the Local Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Local Bonds.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

05/18/92
MOOREB.L2
62150/92001

WALTERS & KRAUSKOPF
ATTORNEYS AT LAW
P.O. BOX 119
MOOREFIELD, WEST VIRGINIA 26836

JACK H. WALTERS
HOWARD E. KRAUSKOPF

(304) 538-6618

FAX (304) 538-2336

May 28, 1992

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

Steptoe & Johnson
P. O. Box 2190
Clarksburg, WV 26301

Re: Town of Moorefield, Water Revenue Bonds
Series 1992 A and Series 1992 B

Ladies and Gentlemen:

I am Town Attorney for the Town of Moorefield, in Hardy County, West Virginia, (the "Issuer"). As such counsel, I hve examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated May 28, 1992, by and between West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above captioned Bonds of the Issuer (the "Bonds"). Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings as therein when used herein.

I am of the opinion that:

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

2. The Issuer has been duly created and is validly existing, and the Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

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

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

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the order of the Public Service Commission of West Virginia entered on April 24, 1992, in Case No. 92-0140-W-CN, granting to the Issuer a Certificate of Public Convenience and Necessity with respect to the Project, has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated May 18, 1992, that it does not intend to appeal such order. The Issuer and the Public Service Commission are the only parties to Case No. 92-0140-W-CN. The order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

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

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

Very truly yours,

WALTERS & KRAUSKOPF

Jack H. Walters

Jack H. Walters

JHW/bs

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Moorefield, in Hardy County, West Virginia (the "Issuer"), and the undersigned TOWN ATTORNEY for the Issuer, hereby certify in connection with the $1,500,000 aggregate principal amount of the Town of Moorefield Water Revenue Bonds, Series 1992 A and Series 1992 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond and Notes Ordinance of the Issuer enacted May 19, 1992, and a Supplemental Resolution adopted May 19, 1992 (collectively, the "Local Act").

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

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

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

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

The Series 1992 A Bonds are issued on a parity with the Series 1987 Bonds, and senior and prior to the Series 1992 B Bonds and the Series 1987 Supplemental Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1992 B Bonds are issued on a parity with the Series 1987 Supplemental Bonds, and junior and subordinate to the Series 1987 Bonds and the Series 1992 A Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Series 1987 Bonds and the Series 1987 Supplemental Bonds are hereinafter collectively called the "Prior Bonds". Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all terms and provisions set forth in the Prior Bonds and the ordinance authorizing issuance of the Prior Bonds and in all documentation relating thereto.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been

repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Charter of the Town of Moorefield.

Certified copies of Oaths of Office of Councilmembers.

Bond and Notes Ordinance.

Supplemental Resolution.

Rate Ordinance.

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

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

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

Minutes on Enactment of Rate Ordinance.

Loan Agreement.

EDA Grant Commitment.

Evidence of SCBG Grant.

Public Service Commission Final Order entered April 24, 1992.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "Town of Moorefield." The Issuer is a municipal corporation in Hardy County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, a Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name		Date of Commencement of Office	Date of Termination of Office
T. LaMar Sager	- Mayor	July 1, 1989	June 30, 1993
Phyllis J. Sherman	- Recorder	July 1, 1991	June 30, 1995
Robert Fertig, Sr.	- Councilmember	July 1, 1989	June 30, 1993
Carlton Hilliard	- Councilmember	July 1, 1991	June 30, 1995
Lester Smith	- Councilmember	July 1, 1991	June 30, 1995
Larry Snyder	- Councilmember	July 1, 1991	June 30, 1995
Robert W. Wilson	- Councilmember	July 1, 1989	June 30, 1993

The name of the duly appointed and acting Town Attorney of the Issuer is Jack Walters, Esquire.

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

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Local Act is in full force and effect. The System is not presently covered by policies of flood or business

interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS: As of the date hereof, the grant from the United States Department of Commerce, Economic Development Authority in the amount of $1,075,000 and the grant from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $750,000 are committed and in full force and effect.

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

12. RATES: The Issuer has duly enacted a rate ordinance on February 24, 1992, setting rates and charges for the services of the System. The time for appeal of such rate ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated May 28, 1992, by his manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received from the Authority the agreed purchase price of the Bonds, being $1,500,000 (100% of par value), there being no interest accrued thereon.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond and Notes Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week

for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in a newspaper published and of general circulation in the Town of Moorefield, together with a notice to all persons concerned, stating that the Bond and Notes Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond and Notes Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 19th day of May, 1992, at 7:00 p.m., in the Council Chambers of the Town Hall of the Town of Moorefield and present protests, and stating that a certified copy of the Bond and Notes Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond and Notes Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PUBLIC SERVICE COMMISSION ORDER: The Public Service Commission of West Virginia has entered an order on April 24, 1992, in Case No. 92-0140-W-CN, granting to the Issuer a certificate of convenience and necessity with respect to the Project. The time for appeal of such order has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated May 18, 1992, that it does not intend to appeal such order. The Issuer will not appeal such order. The Issuer and the Public Service Commission are the only parties to Case No. 92-0140-W-CN. The order is not subject to appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

17. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds,

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

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

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

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

21. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Local Act and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

WITNESS our signatures and the official seal of the TOWN OF MOOREFIELD on this 28th day of May, 1992.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
T. LaMar Sagers	Mayor
Stephen J. Sherman	Recorder
Jack H. Walters	Town Attorney

05/19/92
MOOREB.N2
62150/92001

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

CERTIFICATE AS TO ARBITRAGE

I, T. LaMar Sager, Mayor of the Town of Moorefield, in Hardy County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,451,613 aggregate principal amount of Water Revenue Bonds, Series 1992 A, of the Issuer, dated May 28, 1992 (the "Local Bonds" or "Series 1992 A Bonds"), hereby certify as follows:

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 28, 1992, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Local Bonds and the Water Revenue Bonds, Series 1992 B (the "Supplemental Bonds" or the "Series 1992 B Bonds"), which Supplemental Bonds bear no interest, were sold on May 28, 1992, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $1,500,000 (100% of par). No accrued interest has been or will be paid on any of the Local Bonds or the Supplemental Bonds. The Local Bonds and the Supplemental Bonds are collectively herein referred to as the "Bonds."

6. In the Bonds and Notes Ordinance (the "Local Act") pursuant to which the Bonds are issued, the Issuer has covenanted to not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Local Act, has further covenanted that it will take all actions that may be required of it so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing municipal waterworks facilities of the Issuer (the "Project"); and (ii) paying costs of issuance thereof.

8. The Issuer will, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend in excess of $100,000 on the Project constituting a substantial binding commitment, or has already done so. Acquisition, construction and equipping of the Project will commence immediately and will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest (if any), proceeds deposited in the respective Reserve Accounts for the Bonds (if any), all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before June, 1993. Construction of the Project is expected to be completed by June, 1993.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $3,325,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Gross Proceeds of Local Bonds	$1,451,613
Gross Proceeds of Supplemental Bonds	48,387
EDA Grant	1,075,000
Small Cities Block Grant	750,000
Total Sources	$3,325,000

USES	
Acquisition and Construction of Project	$3,314,300
Costs of Issuance	10,700
Total Uses	$3,325,000

The amount of Project costs not expected to be reimbursed or paid from grants and Supplemental Bond proceeds is estimated to be at least equal to the gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds and the grants, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Local Act, the following special funds or accounts have been created (or continued if established by previous water bond ordinance):

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1992 A Bonds Sinking Fund, and within the Series 1992 A Bonds Sinking Fund the Series 1992 A Bonds Reserve Account; and

(5) Series 1992 B Bonds Sinking Fund, and within the Series 1992 B Bonds Sinking Fund the Series 1992 B Bonds Reserve Account.

11. Pursuant to Article VI of the Local Act, the proceeds of the Local Bonds (and the Supplemental Bonds) will be deposited as follows:

(1) Local Bond proceeds in the amount of $-0- will be deposited in the Series 1992 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Local Bonds during acquisition and construction of the Project.

(2) Local Bond proceeds in the amount of $-0- and Supplemental Bond proceeds in the amount of $-0- will be deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, respectively.

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

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

None of the proceeds of the Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 1992 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 1992 A Bonds Sinking Fund and Series 1992 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Bond Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Local Act.

13. Except for the Series 1992 A Bonds Sinking Fund and the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Sinking Fund and Series 1992 B Bonds Reserve Account, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Series 1992 A Bonds or the Series 1992 B Bonds, respectively, or which are pledged as collateral for the Series 1992 A Bonds or the

Series 1992 B Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Series 1992 A Bonds or the Series 1992 B Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Series 1992 A Bonds or Series 1992 B Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved designation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Series 1992 A Bonds, if any, will be deposited in the Series 1992 A Bonds Reserve Account or any other reserve or replacement fund, and less than 10% of the moneys received from the sale of the Series 1992 B Bonds, if any, will be deposited in the Series 1992 B Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1992 A Bonds Reserve Account and Series 1992 B Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively, and will not exceed 125% of average annual principal of and interest on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively. Amounts in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, not to exceed 10% of the proceeds of the Series 1992 A Bonds and the Series 1992 B Bonds, respectively, if invested, will be invested without yield limitation. The establishment of the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account are required by the Authority, are vital to its purchase of the Series 1992 A Bonds and the Series 1992 B Bonds, respectively, and are reasonably required to assure payments of debt service on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively.

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

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

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 12 months of the date hereof.

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

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

18. With the exception of the amount deposited in the Series 1992 A Bonds Sinking Fund for payment of interest on the Local Bonds, if any, and the amounts deposited in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account, if any, all of the proceeds of the Local Bonds and the Supplemental Bonds will be expended on the Project within 12 months from the date of issuance thereof.

19. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

20. The Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein) are intended primarily to achieve a proper matching of payments of debt service on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively, each year. The Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively, or 1 year's interest earnings on the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein) respectively. Except as otherwise allowed, any money deposited in the Series 1992 A Bonds Sinking Fund and in the Series 1992 B Bonds Sinking Fund for payment of the principal of or interest on the Series 1992 A Bonds and the Series 1992 B Bonds, respectively (other than the Series 1992 A Bonds Reserve Account and

the Series 1992 B Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 1992 A Bonds Sinking Fund and the Series 1992 B Bonds Sinking Fund (other than in the Series 1992 A Bonds Reserve Account and the Series 1992 B Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

21. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of August 27, 1991.

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

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

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

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

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

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

28. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

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

30. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 1992, the calendar year in which the Bonds are issued, is not reasonably expected to exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying such Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

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

31. The Issuer has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion from gross income for federal income tax purposes of the interest on the Local Bonds.

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

33. The Issuer has either (a) funded the Series 1992 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then

current or any succeeding year with the proceeds of the Local Bonds, or (b) created the Series 1992 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 1992 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Local Bonds in the then current or any succeeding year. Moneys in the Series 1992 A Bonds Reserve Account and the Series 1992 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Local Bonds and will not be available to pay costs of the Project.

34. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and any interest thereon.

35. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with any of the Bonds and (c) will be paid out of substantially the same source of funds or will have substantially the same claim to be paid out of substantially the same source of funds as any of the Bonds.

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

37. The Issuer will rebate to the United States the amount required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

38. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds.

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

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

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

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

IN WITNESS WHEREOF, I have set my hand this 28th day of May, 1992.

TOWN OF MOOREFIELD

By _____
Mayor

05/19/92
MOOREB.02
62150/92001

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

ENGINEER'S CERTIFICATE

I, WILLIAM PALLAVICINI, Registered Professional Engineer, West Virginia License No. 8519, consulting engineer, of Petersburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") for the existing municipal waterworks system of the Town of Moorefield in Hardy County, West Virginia (the "Issuer"). Certain costs of such acquisition and construction are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), and certain grant proceeds from the Economic Development Authority and the Department of Housing and Urban Development (Small Cities Block Grant).

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

than 40 years; (vii) the rates and charges for the waterworks system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys of the Issuer on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application submitted to the Authority as of the date of the Loan Agreement; and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 28th day of May, 1992.

WILLIAM PALLAVICINI, P.E.

(SEAL)

William Pallavicini

License No. 8519

05/15/92
MOOREB.P3
62150/92001

WILLIAM PALLAVICINI
REGISTERED
8510
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

DATE: April 28, 1992

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town of Moorefield

TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	$ 2,712,419.15	
2.	Technical Services	$ 306,000.00	
3.	Legal and Fiscal	$ 8,300.00	
4.	Administrative	$ 9,500.00	
5.	Site and Other Lands	$ 40,000.00	
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	$ 0	
7.	Interim Financing Costs	$ 61,500.00	
8.	Contingency	$ 176,580.85	
9.	Total of Lines 1 through 8		$ 3,314,300.00

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	EDA	$ 1,075,000.00
			$
11.	State Grants:[1] (Specify Source)	SCBG	$ 750,000.00
			$
			$
			$
12.	Other Grants:[1] (Specify Source)		$
			$
13.	Any Other Source[2] (Specify)		$
			$
14.	Total of Lines 10 through 13		$ 1,825,000.00
15.	Net Proceeds Required from Bond Issue (Line 9 less Line 14)		$ 1,489,300.00

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	$ 0	
17.	Funded Reserve Account[3]	$ 0	
18.	Other Costs[4]	$ 10,700.00	
19.	Total Cost of Financing (Lines 16 through 18)		$ 10,700.00
20.	Size of Bond Issue (Line 15 plus Line 19)		$ 1,500,000.00

Revised: 5-15-92

16A

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 Consult with bond counsel and the Authority before assuming a funded reserve.

4 For example, fees of bond counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets attached to Amended Schedule A.

SIGNATURE OF AUTHORIZED OFFICER OF APPLICANT

SIGNATURE OF ENGINEER

cille 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

May 28, 1992

Town of Moorefield
Water Revenue Bonds
Series 1992 A and Series 1992 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the ordinance of the Town of Moorefield finally enacted and effective February 24, 1992, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by William Pallavicini, consulting engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system of the Town of Moorefield, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Water Revenue Bonds, Series 1992 A and 1992 B, to be issued to West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds, including the Prior Bonds.

Very truly yours,

Lucille Gohdes

LUCILLE GOHDES, CPA

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 and terms of mayor, recorder and council members.
§ 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 elections.
§ 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 to 8-13-16.

Sec. 7. Election and terms of mayor, recorder and council members.

A regular election to elect town officials is to be held on the first Tuesday in June 1983, and the recorder and his/her successor and the three council members to receive the highest number of votes and their successors shall serve a four year term and shall be up for re-election on the first Tuesday in June every four years thereafter. The mayor and his/her successor and the two remaining council members and their successors shall be elected to a two year term and be up for re-election on the first Tuesday in June 1985, and then the Mayor and his/her successor shall serve a four year

term and re-election shall be on the first Tuesday in June every four years thereafter. (Acts 1872, ch. 14, § 7; 5-5-81.)

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 council members are now elected for four-year terms in the manner provided in § 7 of this Charter.

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., § 8-12-5.

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 parcel 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, § 8-10-1. 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.)

APPENDIX A.

ORIGINAL MUNICIPAL CHARTER.

Acts, 1777/80, Virginia General Assembly Chapter XIX

An Act for establishing the Town of Moorefield, in the County of Hampshire.

Whereas it hath been represented to this present General Assembly, that the establishing a town on the lands of Conrad Moore, in the County of Hampshire, would be of great advantage to the inhabitants, by encouraging tradesmen to settle amongst them;

Be it therefore enacted by the General Assembly, that sixty two acres of land belonging to the said Conrad Moore, in the most convenient place for a town, be, and the same is hereby vested in Garret Vanmeter, Abel Randall, Moses Hulton, Jacob Read, Jonathan Heath, Daniel McNeil, and George Rennick, gentlemen, trustees, to be by them, or any Four of them, laid out into lots of half an acre each, with convenient streets, which shall be, and the same is hereby established a town, by the name of Moorefield.

And be it further enacted, that after the said sixty two acres of land shall be laid off into lots and streets, the said trustees, or any four of them, shall proceed to sell the said lots, or so many of them as they shall judge expedient, at public auction, for the best price that can be had, the time and place of sale being previously advertised for three months in the Virginia Gazette, the purchasers respectively to hold the said lots subject to the condition of building on each a dwelling house eighteen feet square at least, with a brick or stone chimney, to be finished within two years from the day of sale; and the said trustees, or any four of them, shall, and they are hereby empowered to convey the said lots to the purchasers thereof in fee simple, subject to the condition aforesaid, and pay the money arising from such sale to the said Conrad Moore, his executors, administrators, or assigns.

And be it farther enacted, that the said trustees, or the major part of them, shall have power, from time to time, to settle and determine all disputes concerning the bounds of the said lots, and to settle such rules and orders for the regular and orderly building of houses thereon as to them shall seem best and most convenient; and in case of the death, removal out of the county, or other legal disability, of any of the said trustees, it shall and may be lawful for the other trustees to elect and choose so many other persons, in the room of those dead, removed, or disabled, as shall make up the number, which trustees so chosen shall be to all intents and purposes vested with the same power and authority as those in this act particularly mentioned.

And be it farther enacted, by the authority aforesaid, that the purchasers of the lots in the said town, so soon as they shall have built upon and saved the

same according to the conditions of their respective deeds of conveyance, shall be entitled to, and have and enjoy, all the rights, privileges, and immunities, which the freeholders and inhabitants of other towns in this state, not incorporated by charter, have, hold, and enjoy.

And be it farther enacted, that if the purchaser of any lot shall fail to build thereon within the time before limited, the said trustees, or the major part of them, may thereupon enter into such lot, and may either sell the same again, and apply the money towards repairing the streets, or in any other way for the benefit of the said town, or they may appropriate the said lot, or part of it, to any public use for the benefit of the inhabitants of the said town.

Town of Moorefield
206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836
304-538-6142

I, T. LaMar Sagner, 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: T. LaMar Sagner

Subscribed to and sworn to before me this 19th day of June 1989.

Recorder

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836

304-538-6142

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 to before me this 9 day of June ~~1989~~. 1991.

T. LaMar Seymour
~~Recorder~~
Mayor

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836

304-538-6142

I, Robert B Fenty, 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: Robert B Fenty Sr

Subscribed to and sworn to before me this 19th day of June 1989.

Recorder

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836
304-538-6142

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 Town Councilman and that I will faithfully discharge the duties of the office of Town Councilman for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Carlton Hilliard

Subscribed to and sworn to before me this 5th day of June, 19~~95~~ 96.

Recorder

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836

304-538-6142

I, Dexter R Smith, 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 Councilmember and that I will faithfully discharge the duties of the office of Councilmember for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Dexter R Smith

Subscribed to and sworn to before me this 6 day of June, 19~~[illegible]~~91

Recorder

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836
304-538-6142

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 COUNCILMEN and that I will faithfully discharge the duties of the office of COUNCILMEN for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Larry P. Snyder

Subscribed to and sworn to before me this 5 day of 1991, [redacted] 1991,

Recorder

Town of Moorefield

206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836
304-538-6142

I, Robert W. Welton, 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 Council for the ensuing term to the best of my ability, SO HELP ME GOD.

Signed: Robert W. Welton

Subscribed to and sworn to before me this 19th day of June, 1989.

Recorder

AFFIDAVIT OF PUBLICATION Cost of Publication 225.53

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 weekly on Wednesdays 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 Town of Moorefield-Water Revenue Bonds

was duly published in said newspaper once a week for 2 successive

weeks, commencing with the issue 6 day of May 19 92,

and ending with the issue of the 13 day of May 19 92,

(and was posted at the n/a on the _____ day

of _____, 19_____).

/s/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this
13th day of May, 19 92.

My commission expires Oct. 24 2000

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FREDA A. VEACH
Rt. 1, Box 10
Purgitsville, WV 26852
My Commission expires October 24, 2000

/s/ Freda A Veach
Notary Public of Hardy County, WV

20

TOWN OF MOOREFIELD
NOTICE OF PUBLIC HEARING ON WATER REVENUE BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinanace at the special meeting of the Council of the Town of Moorefield to be held on May 19, 1992, at 7:00 p.m. in the Council chambers at Inskeep Hall, 206 Winchester Avenue, Moorefield, West Virginia, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance authorizing the acquisition and construction of additions, betterments and improvements for the existing waterworks system of the Town of Moorefield and the financing of the cost, not otherwise provided, thereof through the issuance by the town of not more than #2,000,000 in aggregate principal amount of water revenue bonds, series 1992. A, not more than $1,000,000 in aggregate principal amount of water revenue bonds. Series 1992 B, and not more than $500,000 interim construction financing, consisting of bond anticipation notes, Grant anticipation notes or a line of credit evidenced by notes, or any combination of the foregoing; providing for the rights and remedies of and security for the registered owners of such bonds and notes; authorizing execution and delivery of a trust indenture securing the notes; approving, ratifying and confirming a loan agreement and supplemental loan agreement relating to such bonds; authorizing the sale and providing for the terms and provisions of such bonds and notes and adopting other provisions relating thereto.

The above-entitled Ordinance was adopted by the Council of the Town of Moorefield on May 5, 1992.

The above quoted title for the Ordinance describes generally the contents thereof and the purpose of the Bond Issue contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing public waterworks facilities for the Town of Moorefield (the "Project"). The Bonds are payable solely from revenues to be derived from the ownership and operation of the public waterworks system of the town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

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

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

Dated: May 6, 1992.

s/s Phyllis J. Sherman, Recorder.

5/6.5/13 2c

N O T I C E

TO: THE CITIZENS OF THE TOWN OF MOOREFIELD

You are notified that the Town Council did at a regular meeting, on Tuesday, February 4, 1992, 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 water services. The contemplated water rates and charges are set forth in the proposed ordinance below. You are also notified that you or any person may appear before the Town Council of the Town of Moorefield on the 24th day of February 1992, at 7:00 P.M. in the Town Offices at Inskeep Hall in Moorefield, West Virginia, and present any protest which you may have to the enactment of said ordinance. The proposed ordinance is as follows:

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

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

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

2. It is hereby determined that the present water rates heretofore approved by the Public Service Commission on May 22, 1987, are inadequate and the revenue derived by the Town therefrom is insufficient to provide for the upkeep and operation of said system.

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

First	2000 gallons per month	$2.10 per 1000 gals.
Next	3000 gallons per month	.79 per 1000 gals.
Next	195,000 gallons per month	.79 per 1000 gals.
Next	2,800,000 gallons per month	.79 per 1000 gals.
All Over	3,000,000 gallons per month	.79 per 1000 gals.
Bulk Rate		.79 per 1000 gals.

provided, that no monthly charge for any water supplied to any premises or through any meters shall be less than $4.20.

Users of water beyond the city limits shall pay monthly charges therefore as hereinbefore provided for resident users, plus an additional $1.00.

MINIMUM MONTHLY CHARGES FOR MULTIPLE DWELLINGS

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

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

TAPPING FEES

A $398.00 charge shall be made for residential tapping fees.

Commercial fees are based on the size of the meter with a schedule of fees available in the Town Office for the general public.

DELAYED PAYMENTS PENALTY

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

4. This ordinance shall become effective on April 9, 1992.

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

Passed on first reading on the 4th day of February 1992.

Passed on second and final reading on the 24th day of February 1992.

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

Date: February 4, 1992

Council Members voting FOR amendment:	Council Members voting AGAINST amendment
Carlton Hilliard	
Justin L. Smith	
Robert B. Fertig	
Robert W. Wilson	
Larry P. Snyder	

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

T. Tilman Seager
Mayor

Date: February 4, 1992

ATTEST:

Helen J. Sherman
Recorder

AFFIDAVIT OF PUBLICATION Cost of Publication 384.18

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 weekly on Wednesdays 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 Town Council adopted increase in water service charge

was duly published in said newspaper once a week for 2 successive weeks, commencing with the issue 12 day of Feb. 19 92, and ending with the issue of the 19 day of Feb. 19 92,

(and was posted at the n/a on the _____ day of _____, 19_____).

/s/ Phoebe Fisher Heishman
Phoebe Fisher Heishman, Publisher
The Moorefield Examiner

Taken, subscribed and sworn to before me in my said county this 19th day of Feb., 19 92.

My commission expires Oct. 24 2000

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
FREDA A. VEACH
Rt. 1, Box 10
Purgitsville, WV 26852
My Commission expires October 24, 2000

/s/ Freda A. Veach
Notary Public of Hardy County, WV

22

NOTICE

To: The Citizens Of The Town Of Moorefield

You are notified that the Town Council did at a regular meeting, on Tuesday, February 4, 1992, 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 water services. The contemplated water rates and charges are set forth in the proposed ordinance below. You are also notified that you or any person may appear before the Town Council of the Town of Moorefield on the 24th day of February 1992, at 7:00 p.m. in the Town Offices at Inskeep Hall in Moorefield, West Virginia, and present any protest which you may have to the enactment of said ordinance. The proposed ordinance is as follows:

Ordinance authorizing the Town of Moorefield to increase rates and charges for furnishing water service to its customers in and near Moorefield in the County of Hardy.

Be it ordained and enacted by the Council of the Town of Moorefield:

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

2. It is hereby determined that the present water rates heretofore approved by the Public Service Commission on May 22, 1987, are inadequate and the revenue derived by the Town therefrom is insufficient to provide for the upkeep and operation of said system.

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

First 2000 gallons per month, $2.10 per 10000 gals.

Next 3000 gallons per month, .79 per 1000 gals.

Next 195,000 gallons per month, .79 per 1000 gals.

Next 2,800,000 gallons per month, .79 per 1000 gals.

All Over 3,000,000 gallons per month .79 per 1000 gals.

Bulk Rate .79 per 1000 gals.

provided, that no monthly charge for any water supplied to any premises or through any meters shall be less than $4.20.

Users of water beyond the city limits shall pay monthly charges therefore as hereinbefore provided for resident users, plus an additional $1.00.

Minimum Monthly Charges For Multiple Dwellings

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

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

Tapping Fees

A $398.00 charge shall be made for residential tapping fees.

Commercial fees are based on the size of the meter with a schedule of fees available in the Town Office for the general public.

Delayed Payments Penalty

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

4. This ordinance shall become effective on April 9, 1992.

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

Passed on first reading on the 4th day of February 1992.

Passed on second and final reading on the 24th day of February 1992.

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

Date: February 4, 1992.

Council Members voting FOR amendment: Carlton C. Hilliard, Lester R. Smith, Robert B. Fertig, Robert W. Wilson, Larry P. Snyder.

Council Members voting AGAINST amendment: None

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

T. LaMar Sager, Mayor. Date: February 4, 1992.

Attest: Phyllis J. Sherman, Recorder. 2/12,2/19 2c

REGULAR, FEBRUARY 4, 1992

The Town Council of Moorefield, a municipal corporation, met in regular session on Tuesday, February 4, 1992, at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: T. LaMar Sager, mayor; Phyllis J. Sherman, recorder; Robert Fertig, Jack Smith, Larry Snyder, Robert Wilson, and Carlton Hilliard, councilmen. Clyde Snyder, Bill Henry, Robert Clark, Frank Vetter, and Walter Miller, department heads; and Diane Hypes, reporter for the Examiner.

Prior to the regular meeting council met in a short executive session to discuss several matters.

The first order of business to come before the council was a request from Greg Zirk and Donald Baker to pass a resolution of support for the upcoming school bond issue. Mr. Zirk spoke on behalf of the Citizens for Better Schools Committee and Mr. Baker was present on behalf of the Board of Education to answer any questions which might arise. Mr. Zirk passed out a pamphlet and a fact sheet regarding the bond issue which is to be held on March 14, 1992. Mr. Zirk went over the fact sheet with the group pointing out what the issue is intended to do and more specifically what the bond will provide. The fact sheet answers many questions that the general public might have regarding the issue especially the cost to the tax payers on the different classes of property. Tables are included in the fact sheet with examples of what the actual annual taxes will be for homeowners, farmers, and for personal property. On being asked why the issue is being presented to the voters at this time, Mr. Baker responded that WV tax exempt bonds are in great demand at this time and that the economy is very good at this time in Hardy County. Mayor Sager made a statement of support for the bond issue adn gave his reasons for supporting the bond issue at this time. On motion of Robert Wilson, seconded by Lester Smith, council adopted a resolution of support for the upcoming bond issue. The motion was passed by a majority of the council.

The recorder presented council with a copy of a letter from Nicholas W. Bromhal, District Engineer, for the WV Department of Highways regarding the installation of turning lanes at Jefferson Street and Spring Avenue. He advised that the funds had been appropriated for the project but that the completion of the design may not allow the work to be completed until after July of 1992.

On motion duly made, seconded and passed, council waived the reading of the minutes of the previous meetings.

Next, council discussed the proposed water rate increase. The recorder advised council that she and the mayor have discussed the increase approved by council on January 28

and are very concerned that the town's cash flow would be too limited by that amount. She added that she had asked Ken Dyche to plug in both .78 and .79 cents into the rate structure to see how the net operating revenue would be affected. Council was presented with copies of Mr. Dyche's projections which showed a net operating revenue of $24,872 with a .78 cent increase and a net operating revenue of $32,266 with a .79 cent increase. After further discussion, it was the concensus of council that since an increase of only two more cents would double our operating revenue that we increase the rate to .79 cents per thousand with the minimum to remain at 2.10 per thousand for the first two thousand. A motion to that effect was made by Robert Fertig, and seconded by Larry Snyder.

The recorder then presented and read for the first time the proposed water rate increase ordinance with the above adopted increase of .79 cents per thousand for all water usage over two thousand gallons. The ordinance will become effective forty-five days after the second reading and public hearing which will be April 9, 1992 with the new increases going into the water bills which will be sent out at the end of May 1992. On motion of Carlton Hilliard, second by Jack Smith, council voted unanimously to adopt the ordinance as read and to pass it to second reading and public hearing on February 24, 1992. The ordinance will be published twice for two consecutive weeks in the Moorefield Examiner.

The recorder advised council that she has received a request from the Heritage Weekend Committee for a time to meet with council to discuss several matters. She reported that, if council approves, she will put them on the agenda for the February 24 meeting.

The next matter to come before the council was that of hiring a bond counsel for the upcoming water project. The recorder presented three proposals to council for consideration as follows:

Jackson & Kelley - $15,000 w/ expenses not over $2000
Goodwin & Goodwin - $9,500 w/ expenses $800 to $1,500
Steptoe & Johnson - $7,500 w/ expenses not over $1,000

The recorder advised council that she had conferred with City Attorney Jack Walters regarding the proposals and based on fees and past experience with two of the firms, that she recommends that the town hire Steptoe and Johnson. On motion of Larry Snyder, seconded by Robert Fertig, council voted unanimously to hire the firm of Steptoe & Johnson to be the bonding attorneys for the upcoming water bond issue.

Council reviewed and adopted an addendum to the agreement with Region 8 for services performed in regard to the Water Project. Costs had been broken down previously for Section 1 of the agreement but not for Section 2. Council, on motion of Robert Fertig, seconded by Carlton Hilliard, voted to adopt the addendum to the agreement with the Section 2 costs being made part of the original agreement.

A copy of a letter from First WV Cablevision was given to all the council. The letter advised of the addition of two new channels on March 30 and of a rate increase to be effective March 1, 1992.

The mayor asked Councilman Fertig if he has worked on the survey for the Chipley Lane right-of-way and Mr. Fertig stated that he had been in contact with a surveyor.

Mayor Sager reported to council that he had been contacted by Senator Hawse regarding Senate Bill 222 and that he is working with the Attorney General's office to see if the law can be expanded to give municipalities the same power to enforce cleanups of properties within their communities.

Mayor Sager reported to council on a meeting earlier in the day with South River Energy and several representatives from Mountaineer Gas to solicit the town's support for them to bring natural gas into the city limits. Arch Sproul, president of South River, stated that he was recommending Mountaineer Gas since he felt they could better serve this area. He added that they hope to start the pipeline down the South Fork by March 1. Mountaineer will tap into the Columbia Gas pipeline. Hughes Construction has been hired to install the pipeline. Mr. Sproul stated that a committment from both Hester Industries and WLC is needed before any work can begin because without their committments the project would not be economically viable. Mountaineer will ultimately have to have the PSC's approval to install the gas in this area. Mr. Sproul stated that they would be back to the town when they obtain the committments from the industries.

Robert Clark, park director, reported that he is in the process of applying for a grant from the US Forestry Service for tree replacement. The town will need to enact an ordinance for a maintenance plan.

Walter Miller, sewer superintendant, reported that they have spent four days in the last two weeks on the sewer line on Water Street Drive which runs down the east side of the street and goes under Mrs. Ruckman's garage and under the house owned by Buddy Eye. Mr. Miller stated

that something must be done with the line since portions of the line are unaccessible and the problems have been continuous in the past. He added that we need to either reroute the line or hook to the line on the other side of the street. Robert Fertig is supposed to look at the situation with Mr. Miller and give council a recommendation.

The recorder asked about the manhole on Town Run Road which sticks up and is causing problems with cars having to cross over it. Councilman Fertig stated that a new lid had been ordered and that WLC will take care of paving the road after the proper lid is installed.

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

- Approved payment of all current bills. (Snyder, Wilson)

- Frank Vetter gave the police department activity report for the month of January. Out of nine investigations, five cases have been cleared, eighteen tickets have been issued, and two DUI arrests were made on New Year's Eve. Chief Vetter also stated that the police overtime has been cut since January 17.

- Chief Vetter also reported that the furnace which heats their side of the building is not working. Walt Miller will look at it to see if he can fix it or if we need to cantact an electrician.

- Chief Vetter also reported that they are going to use their Drug Seizure funds to purchase a printer for their computer and for a video camcorder for the police car.

- Council denied a request from WLC's hatchery to install two drainage ramps for their trucks at the Industrial Park.

- Approved a request from Geln Stonestreet to attend his Class II school on Feb. 13 & 14.

- Approved Bill Henry's request to take two of his men to a 1 day seminar in Romney on February 26.

- Mr. Henry reported that the rendering plant has been using 200,000 gallons of water per day as opposed to the 40,000 gallons per day which they said they would use.

- Clyde Snyder reported that his department has been patching and doing other routine work. Mr. Snyder was directed to place some cold mix on Town Run Road in front of Annie Cook's residence.

No further business appearing, council adjourned into executive session and upon coming out of executive session adjourned the meeting at 9:40 P.M.

Respectfully submitted,

_____, Mayor

_____, Recorder

SPECIAL AND PUBLIC HEARING, FEBRUARY 24, 1992

The Town Council of Moorefield, a municipal corporation, met in special session on Monday, February 24, 1992, at 7:00 P.M. in the Council Room of Inskeep Hall, pursuant to the waiver of notice of the Mayor of the municipaltity.

The meeting was called to order by Mayor Sager with the following persons present: Phyllis J. Sherman, recorder; Robert Fertig, Carlton Hilliard, Larry Snyder, Jack Smith, and Robert Wilson, councilmen.

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

The general purpose of this meeting was to set in public hearing for a water rate increase ordinance which was adopted on first reading on February 4, 1992. A motion to waive the reading of the ordinance since everyone present stated that they were familiar with the ordinance. The motion was passed by unanimous vote. William Judy and Ed Metheny were present on behalf of the RDA and the Hardy County PSD to protest the rate increase. Mr. Judy stated that he did not feel it was fair of the town to pass on the .07 per thousand rate increase to them because their (PSD) water bills are so high already. He added that the town had not increased its residential users since the 1970's more than .10 but had added .27 cents to its industrial customers since 1982. After a brief discussion in which it was pointed out to Mr. Judy and to Mr. Metheny that they are commercial users as far as the town is concerned not residential users. It was also pointed out that the town's officials are elected to first represent the interests of the citizens of the Town. At this time a motion was entered by Larry Snyder, seconded by Robert Wilson, to accept the ordinance as read, said ordinance being passed by a unanimous vote of the council. The ordinance will become effective on April 9, 1992. The recorder asked Mr. Judy about renegotiating the water purchase contract for Caledonia Heights which is due to expire on June 13, 1992. Mr. Judy stated that he was not the attorney for the RDA and that Lary Garrett was their attorney.

Next on the agenda, Fran Shockey and Josh Frye appeared before council on behalf of the Heritage Weekend Committee to discuss several matters. Mrs. Shockey asked that yard sales be banned again this year during Heritage Weekend and was informed that there was an ordinance in effect which takes care of that automatically. She next asked

about the possibility of having the portion of Elm Street from Winchester AVenue to Burr Street closed in order to hold a street fair in that area. They are also making a request of the Presbyterian Church to use their lot for a street fair. She added that some of the merchants south of the stop light have complained because most of the activities are taking place north of the stop light. It was pointed out to Mrs. Shockey that due to some complaints last year, several people complained of not being able to display their crafts. She stated that this is one reason they would like to be able to have a street fair in order to provide more room and ensure that everyone will have an oppurtunity to sell their items. The recorder advised Mrs. Shockey that Robert Clark, park director, has requeated that the parking situation at the town park for the community yard sale be handled differently this year. He would like for the Heritage Weekend Committee to get more people to help with parking and to meet with him prior to Heritage Weekend to develop a parking plan. He also suggested that those persons selling items be given a decal or card to put on the dash of their vehicles in order to make access to the park easier for them to unload their items. Mrs. Shockey thanked the council for meeting with them and stated that she would get back with them after they hear from the Presbyterian Church.

The recorder presented a Quitclaim deed prepared by Howard Krauskopf in which the town grants all of its right, title and interest in and to a certain 12' wide alley intersecting Potomac Avenue to the north to Wampler-Longacre Chicken, Inc. Council reviewed the deed and on motion of Jack Smith, second by Larry Snyder, approved the granting of all rights, title and interest in the 12' alley in that the town has not previously claimed any rights, title or interest to the alley. The motion was approved by unanimous vote.

A very lengthy discussion then ensued regarding overtime policies for the various town departments. The recorder gave council a report on a meeting held between herself, City Attorney Jack Walters, and Chief of Police Frank Vetter regarding the town's change in policy regarding overtime for the police department. She stated that all three parties had agreed that it would seem to serve no purpose at this time for the entire police department to meet with council regarding this matter. She also relayed to council the answers to several questions which Attorney Walters had asked the Labor Board at the request of Chief Vetter. In regard to the matter of the State Code Statute 8-14-2a whichstates that when a holiday falls on an officer's regularly scheduled day off that officer is entitled to equal time off, council directed that the time may be taken off as the code states and with said time at the approval of the police chief. After much discussion

regarding overtime policies, council, on motion of Robert Fertig, seconded by Larry Snyder, voted to leave intact the memo to the police department dated January 29, 1992 regarding overtime and on call time.

Robert Fertig reported to council that he had met with William Bean and William Pallavicini in regard to the water line easement across Mr. Bean's property. He advised council that Mr. Bean wants the town to install drainage pipe in order to help alleviate his surface water problem. Mr. Bean is willing to pay for the pipe if the town will have it installed. He also requested that the drainline which the town will be installing to take care of the overflow from the water tanks be moved to the other side of his small outbuilding. Mr. Bean also requested that no work be done in his yard area during a certain period in June.

The recorder reported to council that Oscar Bean had advised her that the closing on the Food Lion Store will take place about March 12 and that perhaps we should pursue our annexation at this time. Council is to meet at 4:00 P.M. on Wednesday, February 26 to review the area under consideration for annexation.

The recorder also advised council that the drawings for the final dike alignment have been received from the Corps of Engineers and that they must be reviewed and comments sent to the Corps by April 15, 1992. She added that she was going to call John Van Fossen to set a date on which members of the Corps along with council members could meet with all the involved property owners.

No further business appearing, the meeting was adjourned.

Respectfully submitted,

_____, Mayor

_____, Recorder

Town of Moorefield
206 WINCHESTER AVENUE, MOOREFIELD, WEST VIRGINIA 26836
304-538-6142

NOTICE OF SPECIAL MEETING OF THE TOWN COUNCIL OF THE TOWN OF MOOREFIELD

I, T. LaMar Sager, Mayor of the Town of Moorefield, a municipal corporation, do hereby give notice of the time and place and purpose of a special meeting of the Town Council and do hereby fix the Town Office, located in Inskeep Hall in the Town of Moorefield, State of West Virginia, as the place and the 24th day of February 1992 at 7:00 P.M. as the time of said meeting for the following purposes and any other pertinent business which may arise:

1. Public hearing and second reading of water rates.
2. Meet with Heritage Weekend Committee.
3. Accept Quitclaim Deed for alley on Potomac Avenue

In Witness Whereof, I have unto set my hand this the 24th day of February 1992 as prescribed in the Town Code, Section 2-19(b).

T. LaMar Sager

T. LaMar Sager, Mayor

SPECIAL, APRIL 21, 1992

The Town Council of Moorefield, a municipal corporation, met in special session on Tuesday, April 21, 1992 at 7:00 P.M. in the Council Room of Inskeep Hall, pursuant to a Notice of Special Meeting dated April 16, 1992.

The meeting was called to order by Mayor Sager with the following persons present: Phyllis J. Sherman, recorder; Larry Snyder, Robert Wilson, Jack Smith, Carlton Hilliard, and Robert Fertig, councilmen.

Phyllis Sherman, recorder, presented and read the Notice of Special Meeting signed by her which said Notice is attached to these minutes and becomes a part of the permanent records of the Town of Moorefield.

The general purpose of this meeting, as advertised and required by state law, is to lay the levies for the coming fiscal year. After due ocnsideration, Councilman Smith, seconded by Councilman Hilliard, entered a motion to approve the following levy rates as presented and to forward them to the State Tax Commissioner and State Auditor as required by law. The motion was passed by unanimous vote. The levy rates for Fiscal Year 92-93 are as follows:

	Current Levy	Excess Levy
Class I	12.5	6.25
Class II	25.0	12.50
Class IV	50.0	25.00

As the next order of business, the recorder presented and explained the contents of the Bond and Line of Credit Ordinance for the sale of Water Revenue Bonds, Series 1992 A and Series 1992 B for the Water Expansion Project. On motion of Larry Snyder, seconded by Jack Smith, the recorder read the ordinance by title, said title being "ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING

23C

TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO. Upon motion of Jack Smith, seconded by Carlton Hilliard, council voted unanimously to adopt the ordinance on first reading and to pass it to a second reading on May 5, 1992, and to third reading and public hearing on May 19, 1992 at 7:00 P.M.

Next, the recorder presented a letter from William Pallavicini, engineer for the water expansion project, regarding the bids for the project. The following is a summary of the low bid combination:

Contract I, Bid Package I-1	-	$2,023,000.00	Summit Corp.
Contract II	-	368,075.95	Scott Excavating
Contract III, Bid Package III-2	-	321,343.20	Breckenridge Corp.
Total		$2,712,419.15	

It was Mr. Pallavicini's recommendation that the repainting of the existing water tank (Deductive Alternate Item 2.1, Contract III) be eliminated from the project and that an award be made for Cantract III on the basis of Bid Package III-2. Mr Pallavicini based his recommendation on the fact that the repainting of the existing tank is not eligible for grant participation and would have to be paid for entirely out of local share funds which would create a severe strain on the budget. After further review of Mr. Pallavicini's letter plus accompanying documentation, council, on motion of Robert Fertig, seconded by Larry Snyder, voted unanimously to tentatively award the contracts to Summit Corporation for Contract I, Bid Package I-1, Scott Excavating for Contract II, and to Brackenridge Corporation for Contract III, Bid Package III-2.

The recorder reported that a preliminary 504 Compliance Survey has been completed and that several changes will have to be made in order to comply with the regulations of the law. A handicapped parking space must be provided, a TDD telephone must be installed, and alterations must be made to one of our bathrooms to make it accessible to the handicapped. We need several estimates to perform the alterations to the bathroom.

The recorder announced that Rodney Holbert of Burgess & Negel, the firm contracted to do the design on the US 220 bridge, will be in town on April 30 and will meet with anyone who has questions concerning the design of the bridge.

Held a brief discussion concerning the schedule for the levee project and actions to take in order to see that the schedule and the design is expedited.

No further business appearing, the meeting was adjourned.

Respectfully submitted,

_____, Mayor

_____, Recorder

TOWN OF MOOREFIELD

NOTICE OF SPECIAL MEETING

The Town Council of the Town of Moorefield will meet in special session on April 21, 1992, at 7:00 P.M., prevailing time, at the Town's offices at Inskeep Hall, 206 Winchester Avenue, Moorefield, West Virginia, for the following purposes:

1. To consider and act upon a proposed Bond and Notes Authorizing Ordinance providing for the issuance of Water Revenue Bonds, Series 1992 A and Series 1992 B, in the total principal amount of $1,500,000 and interim financing to provide funds for construction of new waterworks facilities for the Town of Moorefield.

2. To approve and set the levy rates for Fiscal Year 1992-93.

3. To review and make a tentative award on the low bids for the Water Expansion Project.

4. To discuss compliance with the 504 Small Cities Regulation.

Phyllis J. Sherman
Recorder

Date: April 16, 1992

MOOREJ.F1
62150/92001

REGULAR, MAY 5, 1992

The Town Council of Moorefield, a municipal corporation, met in regular session on Tuesday, May 5, 1992, at 7:00 P.M. in the Council Room of Inskeep Hall. Those present were: T. LaMar Sager, mayor; Phyllis J. Sherman, recorder; Robert Fertig, Carlton Hilliard, Larry Snyder, Jack Smith, and Robert Wilson, councilmen; Walter Miller, Clyde Snyder, Frank Vetter, and Robert Clark, department heads; and Diane Hypes from the Moorefield Examiner. William Henry, water superintendant, was absent due to illness.

Prior to the regular meeting, council met in executive session at 6:00 P.M. to discuss the hiring of a consultant for the Flood Protection Project.

At 7:00 P.M., the mayor called the regular meeting to order and on a motion duly made, seconded, and passed, the reading of the minutes of the previous meetings was waived.

As the first order of business, Carman and Chuck Silliman, appeared before council to ask what the town intends to do about the odor coming from Wampler's rendering plant. Mrs. Silliman stated that they were just here as citizens of the town and spoke on behalf of many persons who did not want to voice their opinions publicly. Mrs. Silliman, who lives due west of the rendering plant, told council that the odor last Saturday was the worst since the plant began operations. She defined the area that seemed to be most affected and added that she felt the problem was having a negative effect on the community. Mrs. Silliman said that apparently the town had been misinformed about the state of the art performance of the plant and added that she felt it was time for someone to do something. What plans, if any, Mrs. Silliman asked, does the town have concerning solutions to the problem. Mayor Sager stated that council has tried to give Wampler time to work out the bugs in their system and that he had asked representatives from Wampler to be present to address the problems. Mike Malloy, director of protein conversion for WLC; Gail Price, director of communications for WLC; Dan Fitch, attorney; and Gordon Halse, manager of the rendering plant, Mr. Malloy stated that they are aware that they have a problem and are going to get a handle on it. He added that they have been taking several steps to correct their problems. He stated that even before Saturday's problem they had taken wastewater from a storage area straight to the oxidation ditch and felt that this would take care of part of the problem. He went on to explain what had caused the problem on Saturday. He stated that they were only cooking at about a 1/2 load of meat only, with no feathers. This caused the boilers to cycle about every six minutes and the blowers on the boilers were pushing the gases right through the system. Mr. Malloy said that the plant is under warranty and that they have had a representative from their manufacturer here several times to

check out the problems but they have now obtained the services of another firm, which is the largest scrubbing company in the country, to look at the plant. The new representative has been here since Saturday and picked up on some problems already. Mrs. Silliman asked if we must expect to live with this problem all summer or is there a timeframe for it to be corrected. Dan Fitch, an attorney for WLC, assured the Sillimans and the council that WLC has been extremely frustrated with the process and the resulting problems. He added that Mr. Keeler and Mr. Misner are both committed to resolving the odor problems with the rendering plant. Mayor Sager thanked everyone involved for attending and added that the council would stay in touch with WLC to monitor their progress.

Joe Fisher was present to inquire if the town had contacted Mr. Wood regarding water service to Mr. Fisher's property. Phyllis Sherman reported that she had sent Mr. Wood a letter and received a phone call from him in regard to the letter. Mr. Wood stated that he had no intention of selling any more lots and that he had only sold this one because Mr. Fisher was a friend. Mayor Sager also spoke with Mr. Wood and reported that Mr. Wood has agreed to pay $200 toward the installation of the water line. A 2 inch line will be installed.

As the next item on the agenda, the recorder presented and explained the contents of the Bond and Line of Credit Ordinance for the sale of Water Revenue Bonds, Series 1992 A and Series 1992 B for the Water Expansion Project. On motion of Jack Smith, seconded by Robert Fertig, the recorder read the ordinance by title for the second time, said title being, "ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 A, NOT MORE THAN $1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1992 B, AND NOT MORE THAN $500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES, OR ANY COMBINATION OF THE FOREGOING: PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES. AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES: APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS: AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO." Upon motion of Robert Fertig, seconded by

Jack Smith, council voted unanimously to pass the ordinance on second reading and to hold the third reading and public hearing on May 19, 1992 at 7:00 P.M.

The recorder next presented and read a resolution which formalizes a Fair Housing Program for the Municipality of Moorefield. In order to participate in the Federal Community Development Program and to comply with Small Cities Program regulations, the Town of Moorefield must pledge to insure and support fair housing practices within the community. On motion of Carlton Hilliard, seconded by Jack Smith, council unanimously adopted the resolution. Said resolution will be placed in the Small Cities Block Grant Program files to become a part of the permanent records of the Town of Moorefield.

Council reviewed a letter from the Department of Highways agreeing to design sidewalks into both sides of the US 220 bridge if the town will commit to building sidewalks on both sides of the road and on both sides of the river up to the bridge. The recorder stated that she felt that further clarification is needed as to who is to pay for the design. Council, on motion of Robert Wilson, seconded by Larry Snyder, voted to commit to the building of the sidewalks but directed the recorder to clarify the matter of who is paying for the design before sending a letter of final committment.

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

- Reappointed Jeanette Simms to a three year term on the Planning Commission. There are still two vacancies on the Planning Commission and one on the Zoning Appeals Board. (Smith, Hilliard)

- Considered a request from Lola Schell to compensate her for the loss of her garden for the summer. Council agreed to derive a fair amount of compensation if the Corps of Engineers has not given us an answer within two weeks. (Smith, Wilson)

- After a discussion regarding the Planning Commission, it was the consensus of council that members of the Town Planning Commission should not serve on the County Planning Commission also. Several members of the Town's Planning Commission are serving on the County's commission. The choice of which one they will remain on is up to the individual members.

- The water department was requested to fill in the ditchline at Doug Wolfe's property on North Main Street.

- Chief of Police Vetter gave his department's activity report for the month of April. The officers investigated 11 major complaints, 5 traffic accidents, and gave 14 traffic citations.

- Clyde Snyder reported that the street department is busy with the installation of sidewalks.

- Walter Miller, sewer superintendent, advised council of the need to increase the costs for loads of sewage being brought into the plant from private haulers. The fee now is $15.00 per load and Mr. Miller stated that it takes 7 gallons of deodorant at a cost of $19.00 per gallon. He also reported that they have begun to treat the lagoon with enzymes to cut down on the algae and odor. It takes about 3 pounds a week at $6.95 per pound.

- Chief Vetter reported that they are giving warning tickets to Wampler regarding the leaking of their trailers onto the highways.

- Robert Clark reported that they are busy with mowing at the park and are in the process of painting the pool and getting it ready to open on Memorial Day Weekend.

Council next adjourned into executive session and upon coming out of executive session, discussed the following matters and on motions duly made, seconded, and passed, took the following actions:

- Approved payment of all invoices. Agreed to pay the survey bill for Chipley Lane out of Special Levy Street Funds. (Snyder, Fertig)

- Discussed whether or not sidewalks should be installed on Raines Street. Need to look at closer since space is so restricted. Perhaps a 42 inch walk could be installed.

- Mayor Sager discussed the appointment of a committee to try to raise funds for new Christmas lights.

- Appointed Tom Widder to the vacancy on the Zoning Appeals Board. (Hilliard, Wilson)

- Discussed the building site for the new tank.

- Discussed the progress of the waterline easements.

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

Respectfully submitted,

_____, Mayor

_____, Recorder

SPECIAL, MAY 19, 1992

The Town Council of Moorefield, a municipal corporation, met in special session, on Tuesday, May 19, 1992, at 7:00 P.M. in the Council Room of Inskeep Hall pursuant to a Notice of Special Meeting dated May 15, 1992.

The meeting was called to order by Mayor Sager with the following persons present: Phyllis J. Sherman, recorder; Larry Snyder, Robert Wilson, Jack Smith, Robert Fertig, and Carlton Hilliard, councilmen; and Vincent Collins, bond attorney with Steptoe & Johnson.

Phyllis Sherman, recorder, presented and read the Notice of Special Meeting signed by her which said Notice is attached to these minutes and becomes a part of the permanent records of the Town of Moorefield.

This meeting was called for the purpose of hearing comments and suggestions from the public before final adoption of the water bond and line of credit ordinance.

Mayor Sager introduced Mr. Collins to the group and turned the meeting over to him. Mr. Collins proceeded to explain the process involved with the bond issue and the closing. The closing is scheduled for 1:00 P.M. on May 27 at the WDA Office in Dunbar, WV. Our bonds will yield 7 1/2% and the issue is for a period of forty years. The first year or year and a half will be interest payments only and then the payments to the Municipal Bond Commission will remain the same annually for the remainder of the issue. The funds will be wired to the South Branch Valley National Bank on the 28th of May. Mr. Collins advised us to invest the money for the best interest yield which probably will be either in 30 day CD's or Treasury Notes. Interest earned cannot exceed the interest yield on the bonds.

The date and time of the public hearing having been advertised and no persons present to comment or question the ordinance, the Bond and Line of Credit Ordinance was read for a third time by title and upon motion of Robert Fertig, seconded by Jack Smith, the ordinance was adopted on third and final reading by unanimous vote of the council.

Mr. Collins next presented and caused to be read by title a supplemental resolution, said title being "SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1992 A and SERIES 1992 B OF THE TOWN OF MOOREFIELD; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY: DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK: AND MAKING OTHER PROVISIONS AS TO THE BONDS." The resolution states the principal amount of

23E

the Water Revenue Bonds, Series 1992 A as $1,451,613 and the Water Revenue Bonds, Series 1992 B as $48,387. The resolution also allows the mayor and the recorder to sign all closing documents. Council then, on motion of Robert Fertig, seconded by Jack Smith, voted unanimously to adopt the Supplemental Resolution.

Mr. Collins also gave the recorder a letter for the city attorney to put on his firm's letterhead. The recorder is to bring the letter to the closing next week.

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

- Approved the minutes of the May 5, 1992 council meeting. (Smith, Fertig)

- Discussed the situation with Lola Schell's garden.

- Officially hired Phyllis Cole as a consultant for the Flood Control Project. (Snyder, Wilson)

- Robert Fertig stated that he had checked out the right-of-way on Raines Street and that there is enough room for a four foot sidewalk.

- Discussed the need for the parking spaces in the downtown area to be marked off in order to prevent the blocking of driveways and alleys.

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

Respectfully submitted,

T. LaMar Seger, Mayor

Recorder

TOWN OF MOOREFIELD

NOTICE OF SPECIAL MEETING

The Town Council of the Town of Moorefield will meet in special session on May 19, 1992, at 7:00 p.m., prevailing time, at the Town's offices at Inskeep Hall, 206 Winchester Avenue, Moorefield, West Virginia, for the following purposes:

1. To hold a public hearing on and enact a Bond and Notes Authorizing Ordinance providing for the issuance of Water Revenue Bonds, Series 1992 A and Series 1992 B, in the total principal amount of $3,000,000 and interim financing to provide funds for construction of new waterworks facilities for the Town of Moorefield.

2. To consider and act upon a proposed Supplemental Resolution in connection with said bond issue.

s/s Phyllis J. Sherman
Recorder

Date: May 15, 1992

05/11/92
MOOREB.X1
62150/92001

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
MARTINSBURG, W. VA. 25401-4399
(304) 263-6997
FACSIMILE (304) 263-4785

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

THE BRYAN CENTRE
82 WEST WASHINGTON STREET, SUITE 401
HAGERSTOWN, MARYLAND 21740-4804
(301) 791-6620
FACSIMILE (301) 739-3948

WRITER'S DIRECT DIAL NUMBER

May 29, 1992

Town of Moorefield
Water Revenue Bonds, Series 1992 A

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

Enclosures
Copy of letter with enclosures to:
Samme L. Gee, Esquire
Jack H. Walters, Esquire
Honorable T. LaMar Sager
05/29/92
8038.LTR
62150/92001

Form **8038-G** (Rev. October 1989)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Section 149(e)
▶ See separate Instructions
(Use Form 8038-GC if the issue price is under $100,000)

OMB No. 1545-0720
Expires 5-31-92

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: G19 92 - 1
5 City or town, state, and ZIP code: Moorefield, West Virginia 26836
6 Date of issue: 5/28/92
7 Name of Issue: Town of Moorefield, Water Revenue Bonds, Series 1992 A
8 CUSIP Number: N/A

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

		Issue price
9	Check box if obligations are tax or other revenue anticipation bonds ▶ ☐	
10	Check box if obligations are in the form of a lease or installment sale ▶ ☐	
11	☐ Education	$
12	☐ Health and hospital	
13	☐ Transportation	
14	☐ Public safety	
15	☒ Environment (including sewage bonds)	1,451,613
16	☐ Housing	
17	☐ Utilities	
18	☐ Other. Describe (see Instructions) ▶	

Part III Description of Obligations

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
19 Final maturity	10/1/2031	7.75%	$110,417	$110,417			
20 Entire issue			1,451,613	1,451,613	28.41 years	7.57 %	7.75 %

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

21	Proceeds used for accrued interest		21 -0-
22	Issue price of entire issue (enter line 20c)		22 1,451,613
23	Proceeds used for bond issuance costs (including underwriters' discount)	23 10,700	
24	Proceeds used for credit enhancement	24 -0-	
25	Proceeds allocated to reasonably required reserve or replacement fund	25 -0-	
26	Proceeds used to refund prior issues	26 -0-	
27	Total (add lines 23, 24, 25, and 26)		27 10,700
28	Nonrefunding proceeds of the issue (subtract line 27 from line 22 and enter amount here)		28 1,440,913

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

29 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years
30 Enter the last date on which the refunded bonds will be called ▶
31 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

32 Enter the amount of the state volume cap allocated to the issue ▶ -0-
33 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(i)(III) (small issuer exception) ▶ -0-
34 Pooled financings:
a Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units ▶ -0-
b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ August 27, 1991

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

Please Sign Here

▶ T. LaMar Sager — Signature of officer
May 28, 1992 — Date
▶ T. LaMar Sager, Mayor — Type or print name and title

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

☆U.S. Government Printing Office: 1989-262-151/00019

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: May 28, 1992

(See Reverse for Instructions)

ISSUE: TOWN OF MOOREFIELD, Water Revenue Bonds, Series 1992 A

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: May 28, 1992 CLOSING DATE: May 28, 1992

ISSUE AMOUNT: $ 1,451,613 RATE: 7.75%

1st DEBT SERVICE DUE: October 1, 1992 1st PRINCIPAL DUE: October 1, 1993

1st DEBT SERVICE AMOUNT: $38,437.50 PAYING AGENT: Municipal Bond Commission

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

CLOSING BANK: South Branch Valley National Bank
Contact Person: Larry Kessel
Phone: 538-2353

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Phyllis Sherman
Position: Recorder
Phone: 538-6142

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: 340-1318

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

25A

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basis facts **no later than the day of closing** on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

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: May 28, 1992

(See Reverse for Instructions)

ISSUE: TOWN OF MOOREFIELD, Water Revenue Bonds, Series 1992 B

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836 COUNTY: Hardy

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: May 28, 1992 CLOSING DATE: May 28, 1992

ISSUE AMOUNT: $ 48,387 RATE: 0%

1st DEBT SERVICE DUE: October 1, 1993 1st PRINCIPAL DUE: October 1, 1993

1st DEBT SERVICE AMOUNT: $1,240.69 PAYING AGENT: Municipal Bond Commission

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161
CLOSING BANK: South Branch Valley National Bank
Contact Person: Larry Kessel
Phone: 538-2353
KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Phyllis Sherman
Position: Recorder
Phone: 538-6142

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: 340-1318
ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____
OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

25B

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basis facts **no later than the day of closing** on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

Rec 12-12-91

DEC 02 1991

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Development
Washington, D.C. 20230

In reply refer to:
Award No.: 01-01-03176

RECEIVED
DEC 12 1991

Honorable T. LaMar Sager
Mayor, Town of Moorefield
206 Winchester Avenue
Moorefield, WV 26836

Dear Mayor Sager:

We are pleased to enclose herewith two signed copies of a Financial Assistance Award in an amount not to exceed $1,250,000 issued pursuant to your application for Federal assistance to construct an expansion to the water system in the Town of Moorefield, Hardy County, West Virginia.

The grant amount includes $350,000 awarded in accordance with Section 403 (a)(4) of the Public Works and Economic Development Act of 1965, as amended, as the Town of Moorefield is an active member of the Region 8 Planning and Development Council. The total project cost is $3,500,000, which is based on the line item estimates contained in Attachment No. 1.

Your agreement to the terms and conditions of the award should be indicated by the signature of your principal official on both of the signed copies of the Financial Assistance Award. One of the executed copies should be returned to the Director, Philadelphia Regional Office, Economic Development Administration, Liberty Square Building, 105 South 7th Street, First Floor, Philadelphia, Pennsylvania 19106.

You are cautioned not to make any commitments in reliance on this award, nor to enter into negotiations relative hereto, until you have carefully reviewed the terms and conditions and have determined that you are in compliance or that you can comply therewith. Any commitments or undertakings entered into prior to obtaining the approval of the Government in accordance with its terms and conditions will be at your own risk.

Sincerely,

L. Joyce Hampers
Assistant Secretary
for Economic Development

Enclosures

26

Form ED-508
(Rev. 3/89)

Attachment No. 1

U. S. DEPARTMENT OF COMMERCE
Economic Development Administration

PUBLIC WORKS PROJECT COST CLASSIFICATIONS

EDA Award No. 01-01-03176 State West Virginia County Hardy

Cost Classification	Proposed	Approved	
Administrative and legal expenses	$ 28,500	$ 90,000	(1)
Land, structures, rights-of-way, appraisals, etc.	10,000	10,000	(2)
Relocation expenses and payments			
Architectural and engineering fees	176,000	0	(3)
Other architectural and engineering fees	14,000	14,000	
Project inspection fees	116,000	3,000	(4)
Demolition and removal			
Construction	2,841,000	3,086,000	(5)
Miscellaneous equipment	61,500	0	
Contingencies	253,000	297,000	(6)
TOTAL PROJECT COSTS	$ 3,500,000	$3,500,000	

Remarks:

1 - Interest during construction transferred from Miscellaneous equipment to Administrative and legal expenses.
2 - Includes expenses under P.L. 91-646.
3 - Cost disallowed - A/E selection was noncompetitive.
4 - Provided for final audit cost. Remaining amount disallowed - Resident Inspection selection was noncompetitive.
5 - Disallowed costs for A/E services and Resident Inspection utilized to raise construction costs that are more compatible with PRO Cost Data.
6 - Increased to maintain original total project cost.

Mailed 1-6-91

CD-450 (EDA/ADP) (5/89)	United States Department of Commerce FINANCIAL ASSISTANCE AWARD	[X] Grant [ ] Cooperative Agreement
		Award Number 01-01-03176
Project Title Water System Expansion		Accounting Code
		U.S. Share of Cost $1,250,000
		Recipient's Share of Cost $2,250,000
Award Period	From date of approval / To 23 months after approval	Total Estimated Cost $3,500,000

Recipient's Name
Town of Moorefield

Street Address
206 Winchester Avenue

City	State	Zip Code
Moorefield	West Virginia	26836

Authority: Public Works and Economic Development Act of 1965, as amended.

Special Award Conditions
Attached.

The recipient agrees to execute the work in accordance with the approved application to the extent encompassed by this award, the attached documents, the nondiscrimination requirements set forth on the reverse of this document, and the pertinent rules checked below and any subsequent revisions.

[X] EDA Standard Terms & Conditions--Construction Program, dated 6/90.
[X] 15 CFR, Part 24 (53 Fed. Reg. 8048, 8087-8103, March 11, 1988)
[ ] OMB Circular A-21 [ ] OMB Circular A-110
[X] OMB Circular A-87 [ ] OMB Circular A-122
[X] OMB Circular A-128 [ ] OMB Circular A-133
[ ] 48 CFR, Part 31, "Cost Principles for Commercial Organizations"
[X] Others: "Lobbying Restrictions, section 319 of P.L. 101-121, 15 CFR Part 28 (55 FR 6736-6748, 2/26/90)."

Signature (Assistant Secretary for Economic Development)	Title	Date
[signature]	Grants Officer	12/2/91
Signature (Authorized recipient official)	**Title**	**Date**
T LaMar Seger	Mayor	12/13/91

RECIPIENT IS REQUIRED TO SIGN BOTH COPIES OF THIS DOCUMENT AND RETURN ONE COPY WITHIN 45 DAYS TO:

GRANTS OFFICE: Director, Philadelphia Regional Office
Economic Development Administration
105 South 7th Street - First Floor
Philadelphia, PA 19106

EXHIBIT "A"

U. S. DEPARTMENT OF COMMERCE
Economic Development Administration

Public Works and Development Facilities

Award No.: 01-01-03176

RECIPIENT: Town of Moorefield, Hardy Co., West Virginia

SPECIAL AWARD CONDITIONS

1. PROJECT DEVELOPMENT TIME SCHEDULE: The Recipient agrees to the following Project development time schedule:

   Time allowed after approval of Financial Assistance Award for:

   Return of Executed Financial Assistance Award. . . 45 days
   Completion of Final Plans and Specifications . . .180 days
   Start of Construction. . . . . .330 days
   Construction Period. . . . . 12 months

   Project Closeout - All Project closeout documents, including final financial information and any required program reports, shall be submitted to the Government not more than 90 days after the date the Recipient accepts the completed Project from the contractor(s).

   The Recipient shall pursue diligently the development of the Project so as to ensure completion of the Project and submission of closeout documents within this time schedule. Moreover, the Recipient shall notify the Government in writing of any event which could delay substantially the achievement of the Project within the prescribed time limits. The Recipient further acknowledges that failure to meet the development time schedule may result in the Government's taking action to terminate the Award in accordance with the regulations set forth at 13 CFR 305.99(b) and 15 CFR 24.43 (53 Fed. Reg. 8048-9, 8102, March 11, 1988).

2. GOALS FOR WOMEN AND MINORITIES IN CONSTRUCTION: Department of Labor regulations set forth in 41 CFR 60-4 establish goals and timetables for participation of minorities and women in the construction industry. These regulations apply to all Federally assisted construction contracts in excess of $10,000. The Recipient shall comply with these regulations and shall obtain compliance with 41 CFR 60-4 from contractors and subcontractors employed in the completion of

the Project by including such notices, clauses and provisions in the Solicitations for Offers or Bids as required by 41 CFR 60-4. The goal for the participation of women in each trade area shall be as follows:

From April 1, 1981, until further notice: 6.9 percent

All changes to this goal, as published in the Federal Register in accordance with the Office of Federal Contract Compliance Programs regulations at 41 CFR 60-4.6, or any successor regulations, shall hereafter be incorporated by reference into these Special Award Conditions.

Goals for minority participation shall be as prescribed by Appendix B-80, Federal Register, Volume 45, No. 194, October 3, 1980, or subsequent publications. The Recipient shall include the "Standard Federal Equal Employment Opportunity Construction Contract Specifications" (or cause them to be included, if appropriate) in all Federally assisted contracts and subcontracts. The goals and timetables for minority and female participation may not be less than those published pursuant to 41 CFR 60-4.6.

3. PROHIBITION OF ATTORNEYS' AND CONSULTANTS' FEES: The Recipient hereby agrees that no funds made available from this Award shall be used, directly or indirectly, for paying attorneys' or consultants' fees in connection with securing awards made by the Government, such as, for example, preparing the application for this assistance. However, attorneys' and consultants' fees incurred for meeting Award requirements, such as, for example, conducting a title search or preparing plans and specifications, may be eligible Project costs and may be paid out of the funds made available from this Award, provided such costs are otherwise eligible.

4. RECIPIENT AFFIRMATION OF AWARD: This Financial Assistance Award, subject to the other Special Conditions and the Standard Terms and Conditions, shall constitute an obligation to make such Award. If the Recipient fails to affirm its intention to use the Award in accordance with the terms and conditions of this Financial Assistance Award, it will be terminated without further cause. By signing and returning one of the original Financial Assistance Award documents within 45 calendar days from the date of approval by the Assistant Secretary, the Recipient hereby affirms that it intends to use the Award in accordance with the terms and conditions as above-referenced.

5. NONRELOCATION - AREAWIDE UTILITY SYSTEM: It has been determined that the proposed Project facilities involve the construction of an areawide utility system. The Recipient acknowledges its responsibility for determining that all employers which use or are projected to use greater than ten percent (10%) of the increased capacity of the areawide utility system provided by this Project are in compliance with EDA's Nonrelocation Regulation as set forth in 13 CFR 309.3. This nonrelocation restriction is in effect for the forty-eight (48) month period following Award approval.

   The Recipient further acknowledges its responsibility for obtaining properly executed Certificates of Nonrelocation from said employers. If any of the above-mentioned employers are found to be in violation of EDA's Nonrelocation Regulation as set forth in 13 CFR 309.3 and the Recipient has not previously obtained a properly executed Nonrelocation Certificate from same, the Government will terminate the Award for cause and demand repayment of the full amount of this Award, plus interest, all as is more fully set forth in 13 CFR 309.3.

6. NEW RESTRICTIONS ON LOBBYING: This Award is subject to section 319 of Public Law 101-121, which added section 1352, regarding lobbying restrictions, to chapter 13 of title 31 of the United States Code. The new section is explained by the U.S. Department of Commerce in an "Interim Final Rule," 15 CFR Part 28 (55 FR 6736-6748, 2/26/90). The Recipient and subrecipients are generally prohibited from using Federal funds for lobbying the Executive or Legislative Branches of the Federal Government in connection with this Award.

   The Recipient shall require each person who requests or receives from the Recipient a subgrant, contract, or subcontract exceeding $100,000 of Federal funds at any tier under this Award, to file a "Certification Regarding Lobbying" and, if applicable, a "Disclosure of Lobbying Activities" form regarding the use of any nonfederal funds for lobbying. Certifications shall be retained by the next higher tier. All disclosure forms, however, shall be forwarded from tier to tier until received by the Recipient, who shall forward all disclosure forms to the Government.

   The Recipient shall file and shall further require each subgrantee, contractor, or subcontractor that is subject to the subrecipient Certification and Disclosure provision of this Special Condition to file a disclosure form at the end

of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any disclosure form previously filed by such person. Disclosure forms shall be handled as described above.

An Indian tribe or organization that is seeking an exclusion from Certification and Disclosure requirements must provide (preferably in an attorney's opinion) EDA with the citation of the provision or provisions of Federal law upon which it relies to conduct lobbying activities that would otherwise be subject to the prohibitions in and to the Certification and Disclosure requirements of section 319 of Public Law No. 101-121.

7. **TITLE OPINION:** Prior to the disbursement of funds by EDA, the Recipient shall provide evidence satisfactory to the Government that the Recipient has acquired good and merchantable title, free of all mortgages or other foreclosable liens, to all land, rights-of-way and easements necessary for the completion of the Project.

8. **CORPS OF ENGINEERS PERMIT:** Prior to the disbursement of funds by EDA, the Recipient shall provide evidence satisfactory to the Government that the U.S. Army Corps of Engineers has issued a Department of the Army Permit for the proposed water intake structure.

9. EXPIRATION OF AVAILABILITY OF GRANT FUNDS: This Award is subject to Public Law 101-510, enacted November 5, 1990, section 1405, amending subchapter IV of chapter 15, title 31, United States Code, which prescribes the rules for determining the availability of appropriations. Accordingly, the grant funds obligated for this Project will expire in five (5) years from the fiscal year of the grant Award. This requires that the Project be physically and financially complete by September 30, 1997.

10. CHANGE TO THE PUBLIC WORKS STANDARD TERMS AND CONDITIONS: The third paragraph of the Public Works Standard Term and Condition D, Audit Requirements, is revised to read as follows:

For awards to State and local governments, the Recipient is subject to the audit requirements found in the Single Audit Act of 1984, P.L. 98-502, as implemented by OMB Circular A-128 and the Department of Commerce regulation previously published as 15 CFR Part 8a, redesignated as 15 CFR

Part 29a. For awards to institutions of higher education and other profit and nonprofit organizations the Recipient is subject to the audit requirements found in the Single Audit Act of 1984, P.L. 98-502, as implemented by OMB Circular A-133 and the Department of Commerce regulation, 15 CFR Part 29b, published in the Federal Register on April 19, 1991, at 56 F.R. 15992-15998. For all other awards where a special award condition stipulates, the Recipient shall arrange for an audit of the project funded by this award. The cost of the audit is an allowable cost and is included in the line item budget of this award.

11. LOCAL SHARE: Prior to initial disbursement of grant funds, the Recipient shall provide evidence, satisfactory to the Government, that the bonds required for the local share have been sold.

12. DISCLOSURE OF FEDERAL PARTICIPATION: In compliance with Section 623 of Public Law 102-141, no amount of this Award shall be used to finance the acquisition of goods or services (including construction services) for the Project unless the Recipient agrees to:

    (1) specify in any solicitation for offers to procure such goods or services (including construction services) the amount of Federal funds that will be used to finance the acquisition for which such offers are being solicited; and
    (2) express the amount specified pursuant to paragraph (1) as a percentage of the total cost of the planned acquisition.

    The foregoing requirements shall not apply to a procurement for goods or services (including construction services) that has an aggregate value of less than $500,000.

June 1990 Exhibit "B"

U. S. DEPARTMENT OF COMMERCE

ECONOMIC DEVELOPMENT ADMINISTRATION
STANDARD TERMS AND CONDITIONS

Title I Public Works and Development Facilities
and
Title IX Implementation Grant Construction Components

For the purpose of these Standard Terms and Conditions, (a) the term "Government" refers to the Economic Development Administration (EDA); (b) the term "Recipient" refers to the undersigned recipient of Government funds under the Agreement to which this attachment is made a part; (c) the term "Department" refers to the Department of Commerce; and (d) the term "Regional Office" refers to the appropriate Regional Office of the Economic Development Administration.

The Public Works and Economic Development Act of 1965 and its amendments (42 U.S.C. 3121, et seq.) are hereinafter referred to as P.L. 89-136.

A. Statutory and Executive Order Requirements

Some of the terms and conditions herein contain, by reference or substance, a summary of the pertinent statutes or of regulations published in the Code of Federal Regulations (CFR). To the extent that it is a summary, such term or condition is not in derogation of, or an amendment to, the regulation issued by a Federal agency. All statutes or regulations whether or not referenced herein are to be applied as amended on the date they are administered.

1. The Recipient shall comply, and require each of its contractors and subcontractors employed in the completion of the project to comply, with all applicable Federal, state, territorial, and local laws, and in particular the following Federal Public Laws, the regulations issued thereunder, and Executive Orders and Office of Management and Budget (OMB) Circulars:

   a. ~~The Public Works and Economic Development Act of 1965~~, P.L. 89-136, as amended (42 U.S.C. 3121, et seq.), and regulations in 13 CFR, Chapter III;

   b. ~~The Davis-Bacon Act~~, as amended (40 U.S.C. 276a to 276a (5); 42 U.S.C. 3222);

   c. ~~The Contract Work Hours Standards Act~~, as amended (40 U.S.C. 327-333);

   d. ~~The Copeland "Anti-Kickback" Acts~~, as amended (40 U.S.C. 276 (c); 18 U.S.C. 874);

q. The Flood Disaster Protection Act of 1973, P.L. 93-234, as amended (42 U.S.C. 4002, et seq.), and regulations and guidelines issued thereunder by the Federal Emergency Management Administration (FEMA) or the Economic Development Administration;

r. Executive Order 11988, Floodplain Management, May 24, 1977, and regulations and guidelines issued thereunder by the Economic Development Administration;

s. The National Environmental Policy Act of 1969, (P.L. 91-190); the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.); Executive Order 11593 of May 13, 1971, and all pertinent rules and regulations issued thereunder;

t. The Lead-based Paint Poisoning Prevention Act, (42 U.S.C. 4831) and the implementing regulation in 13 CFR 309.29;

u. The Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. 6901);

v. The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 U.S.C. 9601 et seq.); and

w. The Drug-Free Workplace Act of 1988, P.L. 100-690, Title V, Subtitle D, and 15 CFR Part 26 (55 FR 21678, May 25, 1990) for projects approved on or after March 18, 1989. A Drug-Free Workplace Act certificate is required prior to award approval.

2. If the project includes sewer or other waste disposal facilities, the Government will not approve final plans and specifications, nor authorize advertising for bids or disburse funds until the Environmental Protection Agency has issued a certificate, as required by Section 106, P.L. 89-136 (42 U.S.C. 3136).

3. The Recipient shall file the certification and agreements required by Section 711, P.L. 89-136 (42 U.S.C. 3221), 13 CFR 309.7, as amended, regarding the use of expediters and administrative employees.

4. The Recipient agrees that, for the expected useful life of the facility assisted with this award, the project will be properly and efficiently administered, operated and maintained, as required by Section 604 of P.L. 89-136 (42 U.S.C. 3204), for the purpose authorized by this award and in accordance with the terms, conditions, requirements and provisions of the award. If the Government determines, at any time during the useful life of the facility, that the project is not being properly and efficiently administered, operated and maintained, the Government will terminate the award for cause and require the Recipient to repay the award.

b. When a Federal agency other than the Department of Commerce has responsibility for establishing an indirect cost rate, the Recipient is required to submit the required documentation (indirect cost proposal, cost allocation plan, etc.) to establish such rates within 90 days of award.

c. Regardless of any approved indirect cost rate applicable to the Recipient or this award, the maximum dollar amount of allocable indirect costs for which the Government will reimburse the Recipient shall be the lesser of:

(1) The line item amount for the Federal share of indirect costs contained in the approved budget for this award; or

(2) The Federal share of the total allocable indirect costs for the award.

d. The Government's acceptance of negotiated rates as provided in this section is subject to total indirect costs not to exceed 100 percent of total direct costs. Where the indirect cost rate exceeds 100 percent, a 100 percent rate shall be used to compute the dollar amount of indirect costs.

Any actual indirect costs incurred by the Recipient which are greater than the indirect cost line item in the budget will not be treated as a cost of the award by the Government for the purpose of final cost settlement. Instead, the excess actual indirect costs will be carried forward as an adjustment to the indirect cost rate computation of a future period.

e. Excess indirect costs will not be used to offset unallowable or disallowed direct costs when the Government determines the total allowable costs of the award.

5. To the extent applicable to this award, contributions by the Recipient, whether in cash or in kind, are expected to be paid out at the same general rate as the Federal share. Exceptions to this requirement may be granted by the Government based on sufficient documentation demonstrating previously determined plans for or later commitment of cash or in kind contributions as outlined in the Recipient's application. Such exceptions must be approved in writing by the Government.

The approved budget for this award is predicated upon a sharing of allowable costs. In the event allowable costs are less than the approved budget, the Federal share of this award will be limited to the percentage of the total allowable costs not to exceed the total Federal dollar amount reflected on the award document (Form CD-450 or Form CD-451).

c. An administrative charge to cover processing and handling the amount due.

Upon establishment of an account receivable or approval of a repayment schedule to pay the debt, payments to the Recipient may be suspended under any current DOC awards for failure to pay the debt by the due date on the billing.

If a debt is over 30 days old, all pending and future awards to the Recipient may be deferred until the debt has been paid in full or until a repayment schedule has been approved and payments are made in accordance with the agreement. Failure to pay the debt or establish a repayment plan by the due date will also result in collection action.

Payment of the debt may not come from other Federally sponsored programs. Verification that other Federal funds have not been used will be made during future program visits and audits.

C. Reporting Requirements

Financial and performance (technical) reports must be submitted in accordance with the procedures in 15 CFR Part 24 and the schedule indicated below. Failure to submit required reports in a timely manner may result in withholding payments under this award or deferring the processing of new awards, amendments, or supplemental funding pending the receipt of the overdue report(s).

1. Project performance reports shall be submitted in duplicate for each calendar quarter. The project performance report will be due not later than January 15, April 15, July 15 and October 15 for the immediate previous quarter year. The report submission dates are to be no more than 30 days after the due date, with a due date of 90 days after expiration of the award. This reporting requirement begins with the Recipient's acceptance of the award and ends when the final project disbursement is approved. The project performance report should be mailed to the appropriate Regional Office.

2. Recipients of awards which involve both Federal financial assistance valued at $500,000 or more and procurement of supplies, equipment, construction, or services shall be required to submit the SF-334, "Minority Business Enterprise/ Women Business Enterprise Utilization Under Federal Grants, Cooperative Agreements, and Other Federal Financial Assistance." Reports shall be submitted on a quarterly basis for the period ending March 31, June 30, September 30, and December 31. Reports are due no later than thirty (30) days following the end of the reporting period during which any procurement in excess of $10,000 is executed under this award. The report should be submitted in duplicate to the Regional Office. Any questions concerning this report should be directed to the Regional Office.

b. The Recipient will be given 30 days from the transmittal of the final audit report in which to submit written comments and documentary evidence. There will be no extension of this deadline. On the basis of all the evidence available at the expiration of this time period, the Government will make a decision on the actions it will take as a result of the final audit report.

c. The Government's decisions to disallow costs under the award and to establish a debt (as well as its decisions on nonfinancial issues) will be sent to the Recipient in an Audit Resolution Determination letter. This letter will contain information on the procedures to be followed by the Recipient to appeal the Government's decisions. The Recipient will be given 30 days from the transmittal of this letter in which to pay any debt or to seek reconsideration of the determination. This appeal will be addressed to the Inspector General and to the head of the agency administering the financial assistance award. There will be no extension of this deadline. This appeal is the last opportunity for the Recipient to submit to the Government arguments and evidence that dispute the validity of the audit-related debt.

d. After the opportunity to appeal has expired, or after the final decision on reconsideration has been made, no further submissions from the Recipient will be accepted concerning its dispute of the Government's decisions on the settlement of costs under the award. If the debt is not paid, other collection action will be undertaken, but the legal validity of the debt will not thereafter be reconsidered.

3. There are no other administrative appeals available in the Department concerning this matter.

E. General Requirements

1. Except for such aspects as, but not limited to, zoning, building permits, and recording requirements, this award shall be governed by and construed under Federal law.

2. The Recipient shall comply with the administrative, procedural and policy requirements contained in applicable EDA regulations and with requirements in the current edition of the EDA booklet, "Requirements for Approved Projects." In the event of an inconsistency, etc., EDA's regulations shall be controlling.

3. The Government reserves the right to suspend the award and withhold further payments, or prohibit the Recipient from incurring additional obligations, pending corrective action by the Recipient or a decision by the Government to terminate the award unless the project is completed to the satisfaction of the Government.

7. The Recipient hereby agrees that the Government may, at its option, withhold disbursement of any award funds if the Government learns, or has knowledge, that the Recipient has failed to comply in any manner with any provision of the award. The Government will withhold funds until the violation or violations have been corrected to the Government's satisfaction. The Recipient further agrees to reimburse the Government for any ineligible costs which were paid from award funds, or if the Recipient fails to reimburse the Government, the Government shall have the right to offset the amount of such ineligible costs from any undisbursed award funds held by the Government. The Recipient agrees to repay the Government for all ineligible costs incurred in connection with the project and paid from the award including, but not limited to, those costs determined to be ineligible if the Government learns of any award violations after all award funds have been disbursed.

8. The Recipient hereby agrees, in the event a beneficiary of the EDA assisted project fails to comply in any manner with certifications, assurances, or agreements that such beneficiary has entered into in accordance with EDA requirements, that the Recipient will reimburse the Government the award amount or an amount to be determined by the Government pursuant to 13 CFR Part 314. Where the Government determines that the failure of the beneficiary to comply with EDA requirements affects a portion of the property benefitted by the award, the Recipient will reimburse the Government proportionately.

9. All requests by the Recipient for programmatic changes must be submitted to the Government. The Recipient will be notified in writing of the final determination.

10. The name check requirement applies to nonprofit and for-profit organizations. Both officials of state and local governments and officials of accredited colleges and universities who are acting on behalf of their respective entities in applying for assistance are exempt from the name check requirement. In addition, all elected officials of state and local governments who are serving in other capacities when applying for assistance are exempt.

    a. The Government reserves the right to take any action affecting this award if, as a result of the name check review, either subsequent to granting of the award or acceptance of the award, one of the following occurs:

        (1) The Recipient fails to identify, and to submit Form CD-346, "Identification - Applicant For Funding Assistance," or, when required, Form FD-258, "Applicant Fingerprint Chart," for each of the following key individuals:

11. Notwithstanding any other provision of this award, the Recipient shall not transfer, pledge, mortgage, or otherwise assign this award, or any interest therein, or any claim arising thereunder, to any party or parties, bank trust companies, or other financing or financial institutions.

12. Unless otherwise specified in the Special Award Conditions, the Recipient warrants that no person or selling agency has been employed or retained to solicit or secure this award upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees, or bona fide established commercial or selling agencies maintained by the Recipient for the purpose of securing business. For breach or violation of the warrant, the Government shall have the right to annul this award without liability or, at its discretion, to deduct from the award sum, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

13. No member of or delegate to Congress or resident Federal Commissioner shall be admitted to any share or part of this award or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this award if made to a corporation, education, or nonprofit institution for its general benefit.

14. The Recipient shall notify the Government in the event that, subsequent to this award, other Federal financial assistance is received relative to the scope of work of this award.

15. The Recipient, or any subgrantee or subcontractor, shall not subgrant or subcontract the approved project in whole or in part to any agency of the Department. The Recipient, or any subgrantee or subcontractor, shall not subgrant or subcontract any part of the approved project to any other Federal department, agency or instrumentality, without the advance written approval of the Government, the Department's Office of General Counsel and the legal office of the department, agency or instrumentality receiving the subaward.

16. The Government determines who retains title to all nonexpendable personal property of a unit acquisition cost of $1,000 or more (for awards subject to OMB Circular A-110) or $5,000 or more (for awards subject to 15 CFR Part 24). Use, management, and disposition of the property will be in accordance with the applicable circular or common rule.

    Title to real property (whether acquired partly or wholly with Federal funds) shall vest with the Recipient subject to the condition that the Recipient shall use the real property for the authorized purpose of the project.

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

GASTON CAPERTON
GOVERNOR

November 19, 1991

RECEIVED
NOV 20 1991

The Honorable T. LeMar Sager
Mayor
Town of Moorefield
206 Winchester Avenue
Moorefield, WV 26836

Dear Mayor Sager:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1991.

I am pleased to approve a grant in the amount of $750,000 to the town of Moorefield. These funds will enable you to expand the town's water system to enable growth of the Wampler-Longacre Chicken, Inc., poultry processing operation.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project.

It is with pleasure that I am able to work with you to make this improvement a reality for the citizens of Moorefield.

Sincerely,

Gaston Caperton

Gaston Caperton
Governor

GC:bss

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Moorefield Water Revenue Bonds, Series 1992 A and Series 1992 B, all dated May 28, 1992, in the aggregate principal amount of $1,500,000 (collectively "the Bonds") and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 28th day of May, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

05/18/92
MOOREB.R2
62150/92001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

SOUTH BRANCH VALLEY NATIONAL BANK, a national banking corporation, with principal office in Moorefield, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Ordinance of the Town of Moorefield (the "Issuer"), enacted by the Council of the Issuer on May 19, 1992, authorizing issuance of the Issuer's Water Revenue Bonds, Series 1992 A and Series 1992 B, all dated May 28, 1992, in the aggregate principal amount of $1,500,000 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Bond and Notes Ordinance.

Dated this 28th day of May, 1992.

SOUTH BRANCH VALLEY NATIONAL BANK

By _____
Its _____

05/13/92
MOOREJ.S2
62150/92001

ALL-STATE LEGAL SUPPLY CO.. 1-800-222-0510 ED 11-2C

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

CERTIFICATE OF REGISTRATION OF BONDS

I, CHARLOTTE S. MORGAN, Corporate Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the $1,500,000 aggregate principal amount of Water Revenue Bonds, Series 1992 A and Series 1992 B, of the Town of Moorefield (the "Issuer"), hereby certify that on the 28th day of May, 1992, the single fully registered Series 1992 A Bond of the Issuer in the principal amount of $1,451,613 designated "Water Revenue Bond, Series 1992 A," numbered AR-1, and the single fully registered Series 1992 B Bond of the Issuer in the principal amount of $48,387 designated "Water Revenue Bond, Series 1992 B," numbered BR-1, were registered as to principal and interest (the Series 1992 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 28th day of May, 1992.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corporate Trust Administrative Officer

05/18/92
MOOREB.T2
62150/92001

30

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-2C

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 28th day of May, 1992, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,500,000 aggregate principal amount of Water Revenue Bonds, Series 1992 A and Series 1992 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Ordinance of the Issuer enacted May 19, 1992, and a Supplemental Resolution of the Issuer adopted May 19, 1992 (collectively, the "Local Act");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as

the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the TOWN OF 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 _____
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its Corporate Trust Administrative Officer

05/18/92
MOOREB.U2
62150/92001

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONEVALLEY BANK

TOWN OF MOOREFIELD

DATE MAY 28, 1992

UNITS	ITEM DESCRIPTION	TOTAL
	$1,500,000 TOWN OF MOOREFIELD, WV WATER REVENUE BONDS, SERIES A AND SERIES B	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT.	$500.00

869

SEND REMITTANCE TO: One Valley Bank
One Valley Square
P.O. Box 1793
Charleston, WV 25326

Attn: CHARLOTTE S. MORGAN

ALL-STATE LEGAL SUPPLY CO. 1-800-222-0510 ED 11-2C

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Water Revenue Bond, Series 1992 A, of the Town of Moorefield in the principal amount of $1,451,613, numbered AR-1, standing in the name of the West Virginia Water Development Authority on the books of said Issuer.

Dated: May 28, 1992.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankosky

Authorized Representative

05/18/92
MOOREB.V2
62150/92001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 EO 11-20

TOWN OF MOOREFIELD

BOND AND LINE OF CREDIT ORDINANCE -- WATER PROJECT

INDEX

		PAGE
ARTICLE I	STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	1
Section 1.01.	Definitions	1
Section 1.02.	Authority of this Ordinance	10
Section 1.03.	Findings	10
Section 1.04.	Ordinance Constitutes Contract	13
ARTICLE II	AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM	13
Section 2.01.	Authorization of Extensions, Additions, Betterments and Improvements	13
ARTICLE III	AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS	13
Section 3.01.	Authorization and Terms of Original Bonds	13
Section 3.02.	Execution of Bonds	15
Section 3.03.	Authentication and Registration	15
Section 3.04.	Negotiability Transfer and Registration	15
Section 3.05.	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.06.	Bonds not to be Indebtedness of the Town	17
Section 3.07.	Bonds Secured by Pledge of Gross Revenues; Supplemental Bonds to be Junior and Subordinate to Primary Bonds	17
Section 3.08.	Form of Original Bonds	17
Section 3.09.	Sale of Original Bonds; Execution of WDA Loan Agreements	30

PAGE

ARTICLE IV LINE OF CREDIT..... 30

Section 4.01. Authorization of Line of Credit..... 30

Section 4.02. Authorization of Credit Line Note.... 30

Section 4.03. Execution of Credit Line Note. 31

Section 4.04. Negotiability Transfer and Registration..... 31

Section 4.05. Form of Credit Line Note..... 32

Section 4.06. Proceeds of Draw Under the Line of Credit Agreement..... 32

ARTICLE V SYSTEM REVENUES AND APPLICATION THEREOF... 32

Section 5.01. Establishment of Funds and Accounts with Depository Bank..... 32

Section 5.02. Establishment of Funds and Accounts with Commission..... 33

Section 5.03. System Revenues; Flow of Funds..... 33

ARTICLE VI APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS..... 38

Section 6.01. Application of Original Bond Proceeds..... 38

Section 6.02. Bond Construction Trust Fund..... 38

ARTICLE VII ADDITIONAL COVENANTS OF THE TOWN..... 40

Section 7.01. General Covenants of the Town..... 40

Section 7.02. Bonds and Notes Not To Be Indebtedness of the Town..... 40

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Statutory Mortgage Lien.. 40

Section 7.04. Rates..... 41

Section 7.05. Completion, Operation and Maintenance..... 42

PAGE

Section 7.06. Sale of the System..... 43

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances..... 44

Section 7.08. Parity Bonds..... 44

Section 7.09. Insurance..... 47

Section 7.10. Services Rendered to the Town..... 48

Section 7.11. Enforcement of Collections..... 48

Section 7.12. No Competing Franchise..... 49

Section 7.13. Books and Records..... 49

Section 7.14. Operating Budget..... 50

Section 7.15. Connection..... 50

Section 7.16. Covenant to Amend Ordinance..... 50

Section 7.17. Public Purpose Bonds..... 51

Section 7.18. Private Activity Bond Covenant..... 51

Section 7.19. Filing Covenant..... 51

Section 7.20. Federal Guarantee Covenant..... 51

Section 7.21. Rebate Covenant..... 51

ARTICLE VIII INVESTMENT OF FUNDS..... 52

Section 8.01. Investments..... 52

Section 8.02. Restrictions as to Arbitrage Bonds... 53

Section 8.03. Restriction of Yield on Bond Proceeds..... 53

ARTICLE IX DEFAULT AND REMEDIES..... 53

Section 9.01. Events of Default..... 53

PAGE

Section 9.02. Remedies..... 53

Section 9.03. Appointment of Receiver..... 54

ARTICLE X DEFEASANCE..... 55

Section 10.01. Defeasance..... 55

ARTICLE XI MISCELLANEOUS..... 57

Section 11.01. Modification or Amendment..... 57

Section 11.02. Severability of Invalid Provisions... 58

Section 11.03. Repeal of Conflicting Ordinances..... 58

Section 11.04. Covenant of Due Procedure..... 58

Section 11.05. Effective Date..... 58

Exhibit A: Project Description
Exhibit B: Loan Agreement
Exhibit C: Supplemental Loan Agreement

BOND AND LINE OF CREDIT ORDINANCE

Introduced in Council

10/27/87

Introduced by

Passed by Council

11/3/87

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

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HH. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean, collectively, the Original Primary Bonds and the Original Supplemental Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) Government Obligations;

(b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; the Government National Mortgage Association; the Tennessee Valley Authority or the Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. The Town now owns a water system, consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system.

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

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

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

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

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

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

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

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

I. The Town has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Original Bonds, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired without rehearing or appeal prior to the issuance of the Original Bonds.

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

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

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

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

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

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

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

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

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

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

T. The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

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

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

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

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

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

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

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

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

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

The Bonds shall be payable as to principal at the principal office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as its appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Primary Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

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

exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution.

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

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08 shall have been duly manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable

instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

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

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

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

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

Section 3.06. Bonds not to be Indebtedness of the Town. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or any interest thereon.

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

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

[FORM OF THE ORIGINAL PRIMARY BOND]

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

No. R-_____ $_____

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

The interest rate on each installment shall run from the date of this Bond until payment of such installment, and such interest shall be payable on the 1st day of April, and the 1st day of October in each year beginning _____, 198__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). The interest on this Bond is payable by check or draft mailed to the registered owner at the address as it appears on the books of _____, _____, West Virginia, as registrar (the "Registrar") on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and as otherwise provided by the Loan Agreement, dated _____, between the Town and the Authority.

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

(the "Project"), (ii) to capitalize interest thereon, and (iii) [to fund a reserve account therefor, and (iv)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the _____ day of _____, 1987, and a Supplemental Resolution adopted by the Town on the _____ day of _____, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

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

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

This Bond is payable only from and secured by a pledge of a shared first lien on the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operation and maintenance expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which together with any other revenues of the System shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any

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

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

[FORM OF THE ORIGINAL SUPPLEMENTAL BOND]

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

No. SR-_____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority and as otherwise provided by the Supplemental Loan Agreement, dated _____, between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain improvements, additions, extensions and betterments to the existing waterworks system of the Town (the "Project"), and (ii) [to fund a reserve account therefor, and (iii)] to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Town on the _____ day of _____, 1987, and a Supplemental Resolution adopted by the Town on the _____ day of _____, 1987 (collectively called the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for

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

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

This Bond is payable only from and secured by a pledge of a second lien on the Gross Revenues (as defined in the Ordinance) to be derived from the operation of the System, moneys in the Supplemental Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the operation and maintenance expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same except from said special fund provided from the Gross Revenues, the moneys in the Supplemental Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with any other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of the Bonds and of principal of and interest on all obligations on a parity or prior to the Bonds, including the Primary Bonds and the Prior Bonds, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal which will become due on the Bonds and any bonds on a parity therewith in any year, and in the reserve accounts for the Prior Bonds and the Primary Bonds amounts equal to the respective requirements therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Dated: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____

_____

_____

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

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

ARTICLE IV

LINE OF CREDIT

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (when the Prior Bonds are no longer outstanding);

(2) Renewal and Replacement Fund (when the Prior Bonds are no longer outstanding); and

(3) Bond Construction Trust Fund.

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

(1) Sinking Fund;

(a) Within the Sinking Fund, the Reserve Account.

(2) Supplemental Sinking Fund;

(a) Within the Supplemental Sinking Fund the Supplemental Reserve Account.

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

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

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

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

seven months prior to the first date of payment of interest on the Primary Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Primary Bonds on the next ensuing semiannual interest payment date or, if less than 6 months exist between the first payment and the next ensuing semiannual interest payment date, then the payments shall be pro rated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The payments into the respective Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

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

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

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

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

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

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

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

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

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

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

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE TOWN

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

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

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

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

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

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

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

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

Rates

Available for general domestic, commercial, and industrial service

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

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

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

MINIMUM MONTHLY CHARGES FOR MULTIPLE DWELLINGS

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

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

(Minimum Monthly Bill $4.20)

Delayed Payment Penalty

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

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

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

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

Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Supplemental Bonds or, if no Supplemental Bonds are outstanding, with the Primary Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the Town payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects, to the Prior Bonds and to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the respective Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

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

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineer, reciting the conclusion that the net revenues actually derived, subject to the adjustments hereinafter provided, from the System during any twelve (12) consecutive months within the eighteen (18) months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual net revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

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

(2) The Original Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from any increase in rates enacted by the Town, the time for appeal of which shall have expired without any successful appeal or rehearing prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineer, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such net revenues such additional net revenues which would have been received, in the

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

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

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

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

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

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

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

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

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

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

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

Section 7.10. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail itself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.11. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until

such time as all such rates and charges are fully paid. The Town further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore services of the System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

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

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

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

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

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

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

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

Section 7.14. Operating Budget. The Board shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who requests in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 7.15. Connection. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

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

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

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

Section 7.18. Private Activity Bond Covenant. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 7.19. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 7.20. Federal Guarantee Covenant. The Bonds, in whole or in part, are not and will not be, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 7.21. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted pursuant to Sections 7.17 and 7.18, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town. The Town reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar

year, being 1987, in which the Original Bonds are to be issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01.

Unless otherwise specifically provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, and on the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, shall be transferred at least annually, prior to completion of the Project, to the Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. Investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or

account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Code, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto.

Section 8.03 Restriction of Yield on Bond Proceeds. The Town shall comply with the yield restriction, if any, on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or a owner of such Bonds; or

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

An "Event of Default" with respect to the Bonds shall not constitute an event of default with respect to the Notes and vice versa.

Section 9.02. Remedies. Upon the happening and continuance of any event of default with respect to any Primary Bonds or Supplemental Bonds, as the case may be, any Registered Owner of such Bond may exercise any available remedy and bring

any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such registered Owners including the right to require the Town to perform its duties under the Act and the Ordinance relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such Bonds, (iv) by action at law or bill in equity require the Town to account as if it were the trustee of an express trust for the registered owners of such Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to such Bonds, or the rights of such registered Owners, provided, however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely effects any remedy available to the Bondholders, and further provided, that all rights and remedies of the Supplemental Bondholders shall be subject to those of the Primary and Prior Bondholders and that all rights and remedies exercised by the Primary Bondholders shall recognize the shared lien of the Prior Bondholders.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any default in the payment of interest on any Primary Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Town of such default, any Bondholder shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Prior Bonds, the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Town and for the joint protection and benefit of the Town and owners of Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Town and Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System. The provisions of this section shall be subject to the Prior Ordinance and to the superior rights of the Primary Bonds over the Supplemental Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of any Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to

become due thereon, at the times and in the manner respectively stipulated therein and in this Ordinance, then the respective pledges of Gross Revenues, reserve accounts, unexpended Bond proceeds, and any other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the Town to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the Town, execute and deliver to the Town all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the Town all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

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

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Commission at such date, or for two years after the date of deposit of such moneys if deposited with the Commission after said date when such Bonds became due and payable, shall, at the written request of the Town, be repaid by the Commission to the Town, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto, and the Bondholders shall look only to the Town for the payment of such Bonds; provided, however, that before being required to make any such payment to the Town, the Commission shall, at the expense of the Town, mail to the registered owner of the particular Bond and cause to be published at least once in a financial journal or newspaper published daily (except Saturday, Sunday and holidays) in the English language and in circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the publication of such notice, the balance of such moneys then unclaimed will be returned to the Town.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Primary Bonds and of the Supplemental Bonds then outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

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 Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance, in conflict with this Ordinance are to the extent of such conflict repealed; provided, that no provision of the Prior Ordinance shall be repealed hereby so long as the Prior Bonds are Outstanding. So long as any of the Prior Bonds are outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance and this Ordinance, the Prior Ordinance shall govern; provided that a conflict shall be deemed reconcilable if the 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, the Recorder and members of 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 passage, public hearing and otherwise in the manner prescribed by law.

First Reading: October 27, 1987

Second Reading and Passage: November 3, 1987

Public Hearing: November 16, 1987

This Ordinance was placed into effect following the public hearing.

Mayor

(SEAL)

Recorder

EXHIBIT A

WATER SYSTEM IMPROVEMENTS
TOWN OF MOOREFIELD, HARDY COUNTY, WEST VIRGINIA

Project Description

The purpose of the project is to upgrade and increase the capacity of the water treatment plant, provide additional system storage, and install a connecting water transmission main between the water plant and the new storage facility. Presently, the capacity of the water treatment plant and storage system in Moorefield is severely overburdened due to the growing industrial water demand.

Key elements of the water system improvements program are described as follows:

1. Modify raw water intake pipes, add screens and backwash facilities.

2. Replace raw water pumps.

3. Replace chemical feeders.

4. Retrofit sedimentation basins by addition of settling tubes and mechanical sludge removal equipment.

5. Replace filter media and install surface wash on each filter.

6. Provide additional clearwell capacity.

7. Replace high head pumps.

8. Repair or replace filter control valves.

9. Repair deteriorated concrete.

10. Construct a 1.5 million gallon steel storage tank.

11. Install approximately 12,000 linear feet of 10 and 12 inch water transmission main with appurtenances between the water plant and the new storage tank.

EXHIBIT B

Loan Agreement

EXHIBIT C

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)

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

funds for such acquisition and construction pending the receipt of certain grant proceeds, and enacting other provisions related thereto;

and

WHEREAS, capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance; and

WHEREAS, the Ordinance provides for the issuance of not more than $500,000 in aggregate principal amount of Water Revenue Bonds, Series 1987, and not more than $200,000 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987, of the Town (the "Bonds"), and the sale of the Bonds pursuant to the terms of the Loan Agreement and the Supplemental Loan Agreement, both dated October 15, 1987, entered into between the Town and the West Virginia Water Development Authority (the "Authority"); and

WHEREAS, in the Ordinance, it is provided that the principal amounts, maturities, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for; and

WHEREAS, the Ordinance also provides for the authorization of an irrevocable line of credit in an amount not to exceed $100,000 to provide funds for the acquisition and construction pending the receipt of certain grant proceeds; and

WHEREAS, the Council deems that it is in the best interest of the Town to issue the irrevocable line of credit at this time; and

WHEREAS, the Council deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the principal amounts, maturities, interest rate, and other terms of the Bonds be fixed hereby in the manner stated herein and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, Be It Resolved by the Council of The Town of Moorefield, West Virginia, as follows:

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Water Revenue Bonds, Series 1987 (the "Original Bonds"), of the Town in the aggregate principal amount of $443,275 and the Supplemental

Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the Town in the aggregate principal amount of $108,725, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Original Bonds shall be originally issued in the form of a single bond, numbered R-1, fully registered to the Authority, in the principal amount of $443,275. The Original Bonds shall be dated the date of delivery thereof; shall bear interest at the rate of 8.38 percent per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1988; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Original Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Loan Agreement "Schedule X" attached as Exhibit A hereto, specifically approved hereby and incorporated herein by reference.

(b) The Supplemental Bonds shall be originally issued in the form of a single bond, numbered SR-1, fully registered to the Authority, in the principal amount of $108,725. The Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement so long as the Authority shall be the registered owner of the Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Supplemental Loan Agreement "Schedule X" attached as Exhibit B hereto, specifically approved hereby and incorporated herein by reference.

(c) The Bonds shall be sold to the Authority at the price of 100 percent of par, there being no accrued interest.

(2) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance, with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(3) The Town does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and

delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed.

(4) The Town hereby appoints and designates South Branch Valley National Bank, Moorefield, West Virginia, as the Depository Bank.

(5) The Town hereby directs the Depository Bank to deposit the proceeds from the sale of the Bonds and certificates of deposit as described in (D) of Section 1.01(WW) of the Ordinance until such time as the Council directs otherwise.

(6) The Town hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Registrar. The Mayor is hereby authorized and directed to execute and deliver the Registrar's Agreement in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of such approval.

(7) The Mayor and Recorder and other appropriate officers and employees of the Town are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds.

(8) The Council hereby determines not to pay interest on the Bonds with proceeds of the Bonds. Accordingly, the Town hereby directs that no proceeds of the Bonds be deposited with the West Virginia Municipal Bonds Commission.

(9) The Council hereby determines not to pre-fund the Reserve Account or Supplemental Reserve Account. Accordingly, the Town hereby directs that no proceeds of the Bonds be placed in Reserve Accounts.

(10) The Mayor and Recorder of the Town are hereby authorized and directed to enter into a line of credit agreement with the South Branch Valley National Bank for the purposes of attaining the irrevocable line of credit in accordance with the terms of the Indenture. The Mayor and the Recorder are hereby authorized to execute and deliver such documents and certificates required or desirable in connection with the issuance of the irrevocable line of credit.

(11) The Town has general taxing powers to finance operations of or facilities of the nature of the System; 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the Town; and the aggregate face amount of all tax-exempt bonds (other than "private activity bonds") issued by the Town and all subordinate entities thereof during the calendar year 1987 (being the calendar year in which the Bond is being issued), excluding any tax-exempt bond which is not outstanding at the time of a later issue or which is paid or redeemed with the net proceeds of a later issue, is not reasonably expected to exceed $5,000,000.

(12) The Town and all subordinate entities do not reasonably expect to issue more than $10,000,000 of tax-exempt obligations during the calendar year 1987 and hereby designate the note or notes issued pursuant to the irrevocable line of credit agreement as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as it may hereafter be amended.

(13) The financing of the Project in part with the proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

(14) This Supplemental Resolution shall be effective immediately upon adoption.

Resolution adopted November 16, 1987

TOWN OF MOOREFIELD, WEST VIRGINIA

By: _____
Larry Kuykendall, Mayor

ATTEST:

[Seal]

_____
Phyllis J. Sherman, Recorder

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $ 443,275

Purchase Price of Local Bonds $ 443,275

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

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

$245,000 Water Revenue Bonds, Series 1974, dated August 12, 1975

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

N O N E

EXHIBIT A

TOWN OF MOOREFIELD (WATER)
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		32,915.88	32,915.88
1989	8.38	1,831	37,146.45	38,977.45
1990	8.38	1,985	36,993.01	38,978.01
1991	8.38	2,151	36,826.66	38,977.66
1992	8.38	2,331	36,646.41	38,977.41
1993	8.38	2,527	36,451.07	38,978.07
1994	8.38	2,738	36,239.31	38,977.31
1995	8.38	2,968	36,009.87	38,977.87
1996	8.38	3,216	35,761.15	38,977.15
1997	8.38	3,486	35,491.65	38,977.65
1998	8.38	3,778	35,199.52	38,977.52
1999	8.38	4,095	34,882.92	38,977.92
2000	8.38	4,438	34,539.76	38,977.76
2001	8.38	4,810	34,167.86	38,977.86
2002	8.38	5,213	33,764.78	38,977.78
2003	8.38	5,650	33,327.93	38,977.93
2004	8.38	6,123	32,854.46	38,977.46
2005	8.38	6,636	32,341.35	38,977.35
2006	8.38	7,193	31,785.26	38,978.26
2007	8.38	7,795	31,182.48	38,977.48
2008	8.38	8,449	30,529.26	38,978.26
2009	8.38	9,156	29,821.24	38,977.24
2010	8.38	9,924	29,053.96	38,977.96
2011	8.38	10,755	28,222.33	38,977.33
2012	8.38	11,657	27,321.06	38,978.06
2013	8.38	12,634	26,344.21	38,978.21
2014	8.38	13,692	25,285.48	38,977.48
2015	8.38	14,840	24,138.09	38,978.09
2016	8.38	16,083	22,894.50	38,977.50
2017	8.38	17,431	21,546.74	38,977.74
2018	8.38	18,892	20,086.02	38,978.02
2019	8.38	20,475	18,502.87	38,977.87
2020	8.38	22,191	16,787.07	38,978.07
2021	8.38	24,050	14,927.46	38,977.46
2022	8.38	26,066	12,912.07	38,978.07
2023	8.38	28,250	10,727.74	38,977.74
2024	8.38	30,617	8,360.39	38,977.39
2025	8.38	33,183	5,794.69	38,977.69
2026	8.38	35,966	3,013.95	38,979.95
		443,275	1,070,796.91	1,514,071.91

EXHIBIT 1

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 108,725
Purchase Price of Supplemental Bonds	$ 108,725

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

- $245,000 Water Revenue Bonds, Series 1974 dated August 12, 1975

EXHIBIT B

TOWN OF HUGHESFIELD (WATER)
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER

	1986 SERIES A BONDS ZERO COUPON BONDS
	.00
1988	.00
1989	2,861.34
1990	2,861.18
1991	2,861.18
1992	2,861.18
1993	2,861.18
1994	2,861.18
1995	2,861.18
1996	2,861.18
1997	2,861.18
1998	2,861.18
1999	2,861.18
2000	2,861.18
2001	2,861.18
2002	2,861.18
2003	2,861.18
2004	2,861.18
2005	2,861.18
2006	2,861.18
2007	2,861.18
2008	2,861.18
2009	2,861.18
2010	2,861.18
2011	2,861.18
2012	2,861.18
2013	2,861.18
2014	2,861.18
2015	2,861.18
2016	2,861.18
2017	2,861.18
2018	2,861.18
2019	2,861.18
2020	2,861.18
2021	2,861.18
2022	2,861.18
2023	2,861.18
2024	2,861.18
2025	2,861.18
2026	2,861.18
	108,725.00

EXHIBIT 1

Exhibit C

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of November, 1987, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its $443,275 in aggregate principal amount of Water Revenue Bonds, Series 1987 (the "Original Bonds"), in the form of one bond numbered SR-1, and its $108,725 in aggregate principal amount of Supplemental Water Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the Town on November 3, 1987, as supplemented on November 16, 1987 (the "Ordinance");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Ordinance, a copy of which has been received by the Registrar and is incorporated herein by reference;

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

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

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Original Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Governmental Agency advises it of and with generally accepted industry standards.

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

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay $_____ to the Registrar upon the execution of this Registrar's Agreement and from time to time reimbursement for reasonable expenses incurred in connection therewith.

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

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

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

GOVERNMENTAL AGENCY

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
One Valley Square
P. O. Box 1722
Charleston, West Virginia
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD, and One Valley Bank, National Association, have respectively caused

this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MOOREFIELD

By: _____
Larry Kuykendall, Mayor

ONE VALLEY BANK,
NATIONAL ASSOCIATION

By: _____
Its: _____

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

TOWN OF MOOREFIELD

Water Revenue Bonds,
Series 1992 A and Series 1992 B

CONSENT TO ISSUANCE OF PARITY BONDS

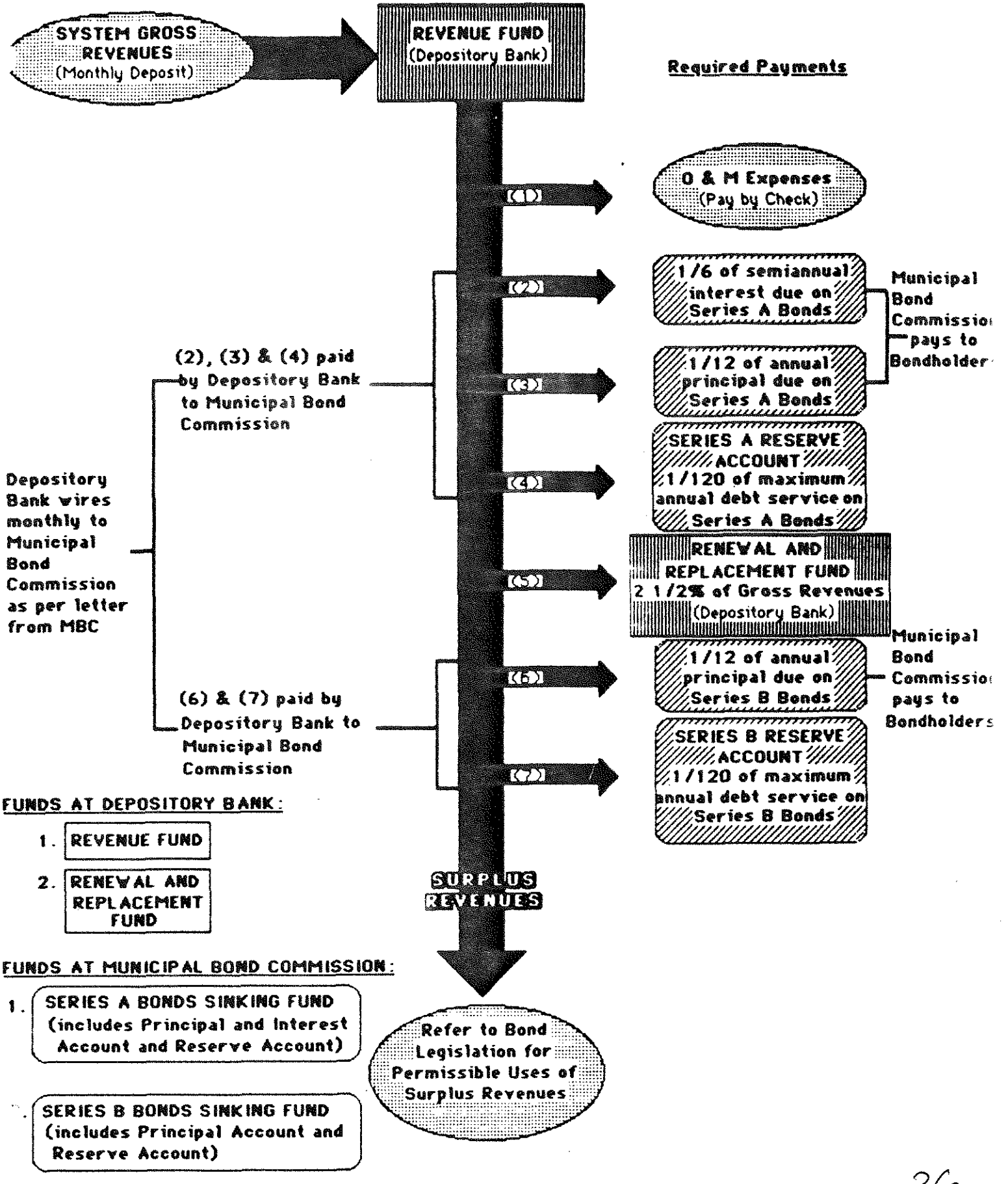
Notwithstanding anything to the contrary which may be provided in the Ordinance of the Town of Moorefield (the "Issuer") enacted November 16, 1987, authorizing issuance of the Water Revenue Bonds, Series 1987 (the "Series 1987 Bonds") and the Supplemental Water Revenue Bonds, Series 1987 (the "Series 1987 Supplemental Bonds"), of the Issuer (collectively, the "Prior Bonds"), West Virginia Water Development Authority, as sole holder of the Prior Bonds, hereby consents to the issuance on or about May 28, 1992, of the Issuer's $1,451,613 Water Revenue Bonds, Series 1992 A, on a parity with respect to lien, pledge and source of and security for payment, with the Series 1987 Bonds and the Issuer's $48,387 Water Revenue Bonds, Series 1992 B, on a parity with respect to lien, pledge and source of and security for payment, with the Series 1987 Supplemental Bonds.

Dated this 28th day of May, 1992.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Daniel B. Yonkosky
Director

05/18/92
MOOREB.W2
62150/92001

ALL-STATE LEGAL SUPPLY CO., 1-800-222-0510 ED 11-2C

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES