TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

Date of Closing: August 4, 1988

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TOWN OF RIDGELEY

SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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TOWN OF RIDGELEY

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF RIDGELEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $200,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 AND RATIFYING 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 RIDGELEY:

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 pursuant to the provisions of Chapter 16, Article 13 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 Ridgeley (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State.

B. The Issuer presently owns and operates a public sewage collection and transportation 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 the existing sewerage facilities of the Issuer consisting of gravity and pressure sewer lines, manholes, a pump station and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes (the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $785,399, 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 Bonds and all Sinking Fund, Reserve Account and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $500,000 in two series, being the Series 1988 A Bonds in the aggregate principal amount of not more than $300,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than $200,000 (collectively, the "Original Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage 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 $200,000 to temporarily finance costs of construction and acquisition 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 Bonds prior to and during construction or acquisition and for 6 months after completion of 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 enterprise, administrative expense, commitment fees, fees 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 Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of 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 Bonds or 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 to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1988 B Bonds shall be junior and subordinate to the Series 1988 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net 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.

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

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to issue the Bonds and Notes, as needed for the purposes set forth herein.

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 System, 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)(C) 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 during the calendar year in which the Notes or the Bonds are to be issued.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the 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 Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, 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 16, Article 13 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 and Notes Ordinance" or "Local Act" means this Bond and Notes Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

"Bond Year" means the 12 month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the Closing Date in the following year except that the first Bond Year shall begin on the Closing Date.

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

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

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

"Code" means the Internal Revenue Code of 1986, as amended, and 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 Copper and Smith, Harrisonburg, 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 construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1988 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1988 A Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

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

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

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

"Grant Agreement" means a written commitment for the payment of the SCBG 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, "SCBG Grant Agreement" means only the Grant Agreement relating to the SCBG 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 "SCBG Grant Receipts" means only Grant Receipts on account of the SCBG Grant, and "Other Grant

Receipts" means only Grant Receipts on account of any or all of the Other Grants.

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

"Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A Bonds ratably as original proceeds of the Series 1988 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds,

investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1988 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Reserve Accounts and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1988 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1988 A Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

"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 be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation,

annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means the Town of Ridgeley, in Mineral County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and Sanitary Board of the Issuer.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1988 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series A Bonds Reserve Account. 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 Series 1988 A 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 of the Bonds and is not acquired in order to carry out the governmental purpose of the 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 $_____ in aggregate principal amount of Sewerage System grant anticipation notes or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "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.

"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, 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 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 $500,000 in aggregate principal amount of Series 1988 A Bonds and the not more than $300,000 in aggregate principal amount of Series 1988 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 a resolution supplemental hereto, 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 any grant other than the SCBG 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 Notes Registrar, at or prior to said date; (ii) any 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; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes 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.

"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 sewerage facilities of the Issuer, consisting generally of gravity and pressure sewer lines, manholes, a pump station and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1988 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1988 A Bonds of each maturity is sold or, if the Series 1988 A Bonds are privately placed, the price paid by the first buyer of the Series 1988 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield

of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A Bonds.

"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.

"Registered Owner," "Noteholder," "Bondholder," "Holder" 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, either the Bond Registrar or the Notes Registrar or both.

"Regulations" means temporary and permanent 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.

"SCBG Grant" means the Small Cities Block Grant to be provided by the West Virginia Governor's Office of Community and Industrial Development.

"Series 1988 A Bonds" or "Series A Bonds" means the not more than $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established in the Series 1988 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 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 1988 A Bonds in the then current or any succeeding year.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Sinking Fund established by Section 5.02 hereof.

"Series 1988 B Bonds" or "Series B Bonds" means the not more than $300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 B, of the Issuer.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established in the Series 1988 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 B Bonds in the then current or any succeeding year.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 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 the Notes or the Original Bonds; 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 or any other obligations of the Issuer, including 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 public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

"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.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1988 A Bonds produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $785,399, 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 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 1988 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 of such purposes, as determined by the Supplemental Resolution, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $800,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1988 A," in the aggregate principal amount of not more than $500,000, and "Sewer Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than $300,000, 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 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 or credited to 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 Net 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 Net Revenues; Series 1988 B Bonds to be Junior and Subordinate to Series 1988 A Bonds. The payment of the debt service of all the Series 1988 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1988 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1988 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the 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 1988 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF RIDGELEY
SEWER REVENUE BOND, SERIES 1988 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF RIDGELEY, a municipal corporation and political subdivision of the State of West Virginia in Mineral 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 _____ ($_____), in installments on _____ 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, 1990. 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 _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1988 A Bonds Reserve Account") and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 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 1988 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 1988 B Bonds, provided however, that so long as there exists in the Series 1988 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 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, 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 RIDGELEY 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 _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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 1988 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF RIDGELEY
SEWER REVENUE BOND, SERIES 1988 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF RIDGELEY, a municipal corporation and political subdivision of the State of West Virginia in Mineral 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 _____ ($_____), 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 _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by

the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds herein described, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1988 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 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 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 1988 A Bonds in the then current or any succeeding year, and any reserve account for any or parity obligations is funded at least at the requirement therefor, such

percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 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 RIDGELEY 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 _____, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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; 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, ratified and approved.

Section 3.11. "Schedule A" Filing; Tender of Series 1988 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 1988 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of 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 1988 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, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $_____. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution 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 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 supplemental resolution, 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 the Grant Receipts, Surplus Revenues, letter of credit proceeds and other sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and 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 $_____ 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 of letter 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 with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

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

(1) Series 1988 A Bonds Sinking Fund;

(a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account.

(2) Series 1988 B Bonds Sinking Fund;

(a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 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, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1988 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 1988 A Bonds Sinking Fund, a sum

equal to 1/6th of the amount of interest which will become due on said Series 1988 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 1988 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.

(3) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 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 1988 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of 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 any payments for account of the Series 1988 A Bonds Reserve Account. All funds in the Renewal and

Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A 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 by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 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 1988 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.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 B Bonds Reserve Requirement.

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 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 1988 A Bonds Reserve Account and the Series 1988 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 1988 A Bonds Reserve Account which result in a reduction in the balance of the Series 1988 A Bonds Reserve Account to below the Series 1988 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 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 1988 A Bonds Sinking Fund, or the Series 1988 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 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, 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 Depository Bank's charges and the Paying Agent fees then due.

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

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

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

A. From the proceeds of the Series 1988 A Bonds, there shall first be deposited with the Commission in the Series 1988 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 1988 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 1988 A Bonds, there shall be deposited with the Commission in the Series 1988 A Bonds Reserve Account and from the proceeds of the Series 1988 B Bonds, there shall be deposited with the Commission in the Series 1988 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 1988 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.

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 expended, are hereby pledged as additional security for the Series 1988 A Bonds, and thereafter for the Series 1988 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds 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, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1988 A Bonds Reserve Account, and when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 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 1988 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 7.04 and Section 7.09 shall not be applied to the 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 Net Revenues. The payment of the debt service of the Series 1988 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1988 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinance of the Issuer enacted January 26, 1988.

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 Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 10.01 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 over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. 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 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 1988 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 1988 A Bonds and the Series 1988 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 1988 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 1988 A Bonds, unless the Series 1988 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 Secretary a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

(3) 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 adopted 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 Secretary 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 Series 1988 A Bonds and the Series 1988 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1988 A Bonds or the Series 1988 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the 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 or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be

maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and 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; provided that, in the event that an 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 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.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case

may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, 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 and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, 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 or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(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 $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(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. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the

health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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 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 Bonds during the term thereof is, under the terms of the 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 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 Bonds during the term thereof is, under the terms of the 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 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 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.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the 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 Bonds to be "federally

guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the 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 those deemed necessary by the Authority) so that the interest on the 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 those determined by the Authority) which would adversely affect such exclusion.

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, this Bond Legislation, and the Indenture, if any, the need for such moneys for the purposes set forth herein and in the Indenture, if any, and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as 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.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, 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 Bonds) 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.

Section 8.03. Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 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 that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 8.03 and for purposes of applying Section 148(f)(4)(C) 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 subordinate entity shall, for purposes of applying this Section 8.03 and Section 148(f)(4)(C) of the Code to any 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)(C) 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 shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for

deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

B. DUTIES OF ISSUER, IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection C and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsections D and E.

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and

(ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the

computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

E. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

F. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further covenants to comply with all Regulations from time to time in effect and applicable to the Bonds, as may be necessary in order to fully comply with Section 148(f) of the Code.

I. REPORTING TO AUTHORITY. The Issuer shall 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 relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the authority in preparing 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, then the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge durings the Bond Year which would make the Bonds subject to rebate.

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 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 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 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 affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1988 A Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System 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 1988 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 1988 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 1988 A Bonds only, the pledge of Net 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 1988 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 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 1988 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 1988 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 1988 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 1988 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 1988 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 1988 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 1988 B Bonds only, the pledge of Net 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 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 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 1988 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 1988 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 1988 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 1988 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 all 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 the 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.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or 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 1988 A Bonds or the Series 1988 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 or Notes respectively, 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 compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the 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 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.

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 enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. 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 _____, a qualified newspaper of general circulation in the Town of Ridgeley, there being no newspaper published therein, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of 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 - June 23, 1988

Passed on Second Reading - June 30, 1988

Passed on Final Reading
Following Public
Hearing - July 11, 1988

Mayor

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF RIDGELEY on the 30th day of June, 1988.

Dated: August 4, 1988

[SEAL]

Recorder

08/01/88
RIDG2/3-A/A

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NJ 07016

FD 11-1C

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B OF THE TOWN OF RIDGELEY; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the town council (the "Governing Body") of the Town of Ridgeley (the "Issuer"), has duly and officially enacted a bond ordinance, effective July 11, 1988 (the "Bond and Notes Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF RIDGELEY AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 A, NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN $200,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 AND RATIFYING 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 and Notes Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed $500,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than $300,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than $200,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated August 4, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated August 4, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond and Notes 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 RIDGELEY:

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

(A) The Sewer Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $159,327. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1988, 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 1988 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 to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $39,832. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, 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 1988 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 to the Series 1988 B Bonds 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 and Notes Ordinance.

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

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as 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 One Valley Bank, National Association, 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 The National Bank of Keyser, Keyser, West Virginia, as Depository Bank under the Bond and Notes Ordinance.

Section 7. Series 1988 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

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, including, but not limited to, all borrowings from West Virginia Water Development 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 and Notes Ordinance approved and provided for, to the end that the Bonds may be delivered on or about August 4, 1988, 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 and Notes Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed by the Issuer.

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 (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than $5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1988, being the calendar year in which the Bonds are to be issued.

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

Adopted this 1st day of August, 1988.

TOWN OF RIDGELEY

Charles W. Fryer

Mayor

08/01/88
RIDG1-E

WDA-5
(March 1988)

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 RIDGELEY

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 consulting engineer designated in the Application and any successor thereto.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, 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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

(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 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;

(f) 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;

(g) 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;

(h) 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

(i) 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 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;

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

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

(xiv) That the proceeds of the Local Bonds, except for accrued interest and capitalized interest, if any, must (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; and

(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.

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

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

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

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

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The 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.

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of

loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, 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 Ridgeley
[Proper Name of Governmental Agency]

(SEAL)

By Charles H. Fryer
Its Mayor

Attest:

Jon L Darrelhoust
Its Recorder

Date: May 25, 1988

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By _____
Director

Attest:

_____
Secretary-Treasurer

Date: August 4, 1988

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $159,327.00

Purchase Price of Local Bonds $159,327.00

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 9.0 % 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:

'N OF RIDGELEY SEWER TOT 3ORROWING
ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
----------1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00		2,270.41	2,270.41
1989	9.00		14,339.43	14,339.43
1990	9.00	516	14,339.43	14,855.43
1991	9.00	562	14,292.99	14,854.99
1992	9.00	612	14,242.41	14,854.41
1993	9.00	668	14,187.33	14,855.33
1994	9.00	728	14,127.21	14,855.21
1995	9.00	793	14,061.69	14,854.69
1996	9.00	865	13,990.32	14,855.32
1997	9.00	942	13,912.47	14,854.47
1998	9.00	1,027	13,827.69	14,854.69
1999	9.00	1,120	13,735.26	14,855.26
2000	9.00	1,220	13,634.46	14,854.46
2001	9.00	1,330	13,524.66	14,854.66
2002	9.00	1,450	13,404.96	14,854.96
2003	9.00	1,581	13,274.46	14,855.46
2004	9.00	1,723	13,132.17	14,855.17
2005	9.00	1,878	12,977.10	14,855.10
2006	9.00	2,047	12,808.08	14,855.08
2007	9.00	2,231	12,623.85	14,854.85
2008	9.00	2,432	12,423.06	14,855.06
2009	9.00	2,651	12,204.18	14,855.18
2010	9.00	2,889	11,965.59	14,854.59
2011	9.00	3,149	11,705.58	14,854.58
2012	9.00	3,433	11,422.17	14,855.17
2013	9.00	3,741	11,113.20	14,854.20
2014	9.00	4,078	10,776.51	14,854.51
2015	9.00	4,445	10,409.49	14,854.49
2016	9.00	4,845	10,009.44	14,854.44
2017	9.00	5,281	9,573.39	14,854.39
2018	9.00	5,757	9,098.10	14,855.10
2019	9.00	6,275	8,579.97	14,854.97
2020	9.00	6,840	8,015.22	14,855.22
2021	9.00	7,455	7,399.62	14,854.62
2022	9.00	8,126	6,728.67	14,854.67
2023	9.00	8,857	5,997.33	14,854.33
2024	9.00	9,655	5,200.20	14,855.20
2025	9.00	10,524	4,331.25	14,855.25
2026	9.00	11,471	3,384.09	14,855.09
2027	9.00	12,503	2,351.70	14,854.70
2028	9.00	13,627	1,226.43	14,853.43
		159,327	436,621.57	595,948.57

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (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 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;

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

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

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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

7. 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.

RECEIVED
AUG 2 1988
WATER DEVELOPMENT AUTHORITY

WDA-4
(March 1988)

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

AMENDED APPLICATION FOR A CONSTRUCTION LOAN

1. Full legal name of Applicant: Town of Ridgeley

2. Date of original Application for a Construction Loan (the "Original Application") (date signed by Applicant): May 25, 1988

3. (a) Date bids for Project were received: March 30, 1988
   (b) Expiration date of bids: June 28, 1988 *
   (c) Attach copies of apparent responsible, acceptable low bids.

4. Complete attached Amended Schedule A: "Total Cost of Project and Sources of Funds," based on bids received. If construction of the Project has begun, indicate any changes to date from the cost of an sources of funds for the Project as bid. Revise and attach (as Amended Schedule B) a complete "Cash Flow Analysis" for the Project, based on bids received.

5. Set forth any other modifications to information included in or with the Original Application. Indicate to which paragraph of or exhibit to the Original Application the modified information applies.

* * * *

The undersigned, as a duly authorized representative of the Consulting Engineer, certifies that he has completed this Amended Application, including the exhibit documents attached, and consents to the use of such information by the Authority in connection with the financing of the Project.

Mike Collins
(Signature)

Date: 7/21/88, 19____

* NOTE: The Town of Ridgeley awarded the contract for the project to Raleigh Contracting Inc. on June 28, 1988. Construction has not begun and no changes in cost have occurred.

The undersigned officer of the Applicant hereby certifies to the West Virginia Water Development Authority that he is duly authorized to execute this Amended Application on behalf of the Applicant and that the information contained in this Amended Application and in the exhibit documents attached hereto is true, correct and complete to the best knowledge and belief of the undersigned.

Name of Applicant (Typed): Town of Ridgeley

By: (Signature) Charles H. Fryer

Title: Charles Fryer
Mayor

Date: 7/29, 1988

DATE: July 8, 1988

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: Town of Ridgeley

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

1.	Construction	$ 622,923	
2.	Technical Services	$ 89,500	
3.	Legal and Fiscal	$ 5,000	
4.	Administrative	$ 17,000	
5.	Site and Other Lands	$ 4,500	
6.	Step I and/or Step II Design or Other Loan Repayment (Specify Type: _____)	$ 3,030	
7.	Interim Financing Costs	$ 3,800	
8.	Contingency	$ 31,146	
9.	Total of Lines 1 through 8		$ 776,899

B. Sources of Funds

10.	Federal Grants:[1] (Specify Source)	WVSCBG	$ 516,900	
			$	
11.	State Grants:[1] (Specify Source)		$	
			$	
			$	
			$	
12.	Other Grants:[1] (Specify Source)		$	
			$	
13.	Any Other Source[2] (Specify)	LOCAL	$ 69,340	
			$	
14.	Total of Lines 10 through 13			$ 586,240
15.	Proceeds Required from Bond Issue (Line 9 less Line 14)			$ 190,659

C. Cost of Financing

16.	Capitalized Interest (construction period plus six months)	$ 0	
17.	Funded Reserve Account[3]	$ 0	
18.	Other Costs[4] BOND COUNSEL	$ 8,500	
		$	
19.	Total Cost of Financing		$ 8,500
20.	Size of Bond Issue (Line 15 plus Total from Line 19)		$ 199,159

AMENDED
SCHEDULE B

Ridgeley, Town of
Cash Flow Analysis
Case No. 88-020-S-CN
Year Ended June 30,1987

	Pro Forma* ($)	
Available Cash:		
Operating Revenues	54,638	
Total Available Cash		54,638
Cash Requirements:		
Operating Expenses	30,307	
Total Cash Requirements Before Debt Service		30,307
Cash Available for Debt Service (A)		24,331
Debt Service Requirements:		
Interest	9,403	
Principal	6,556	
Subtotal (B)	15,959	
Bond Reserve	1,596	
Renewal & Replacement	1,366	
Total Debt Service Requirements		18,921
Surplus		5,410
Percent Coverage (A)/(B)		152%

* Based upon Town's third revision dated 7/8/88

[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.

APPLICANT

CONSULTING ENGINEER

ALL STATE LEGAL SUPPLY CO ONE COMMERCE DRIVE CRANFORD NJ 07016 ED 11-10

WDA-Supp. 5
(March 1988)

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 RIDGELEY

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, 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;

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"); 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 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 certain general revenue bond resolution adopted by the Board of the Authority, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, 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 Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

2.2 Subject to the terms, conditions and provisions of this Supplemental Loan Agreement and of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, 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 Supplemental Loan or of any State and federal grants or other sources of financing for the Project.

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

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

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

all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the

date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

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

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

(c) The Governmental Agency shall 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 Supplemental 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;

(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 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;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Supplemental 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;

(g) 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;

(h) 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

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

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

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

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

simultaneously with the delivery of the Local Bond to the Authority.

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

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State, the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the gross or net 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 a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or the Supplemental Bonds or, if the reserve accounts established for the payment of debt service on the Local Bonds (the "Reserve Account") and for the payment of debt service on the Supplemental Bonds (the "Supplemental Reserve Account") are funded (whether by bond proceeds, monthly deposits or otherwise), respectively, at an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement") or on the Supplemental Bonds in the then current or any succeeding 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, 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 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 a lien on or payable from the revenues of the System prior to the Supplemental Bonds; provided, however, that additional parity Local Bonds and additional parity Supplemental Bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

(viii) That any Supplemental 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 or construction of the Projec , or both, as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which 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;

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

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

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owners of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwised advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

ARTICLE V

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

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

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

forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

6.4 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.

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

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

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

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

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

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

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

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

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

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

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

Town of Ridgeley
[Proper Name of Governmental Agency]

(SEAL)

By [signature]
Its Mayor

Attest:

Date: May 25, 1988

[signature]
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By [signature]
Director

Attest:

Date: August 4, 1988

[signature]
Secretary-Treasurer

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	$ 39,832.00
Purchase Price of Supplemental Bonds	$ 39,832.00

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:

TOWN OF RIDGELEY
ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
----------1988 SERIES A BONDS ----------

	ZERO COUPON BONDS
1988	
1989	
1990	1,021.00
1991	1,021.00
1992	1,021.00
1993	1,021.00
1994	1,021.00
1995	1,021.00
1996	1,021.00
1997	1,021.00
1998	1,021.00
1999	1,021.00
2000	1,021.00
2001	1,021.00
2002	1,021.00
2003	1,021.00
2004	1,021.00
2005	1,021.00
2006	1,021.00
2007	1,021.00
2008	1,021.00
2009	1,021.00
2010	1,021.00
2011	1,021.00
2012	1,021.00
2013	1,021.00
2014	1,021.00
2015	1,021.00
2016	1,021.00
2017	1,021.00
2018	1,021.00
2019	1,021.00
2020	1,021.00
2021	1,021.00
2022	1,021.00
2023	1,021.00
2024	1,021.00
2025	1,021.00
2026	1,021.00
2027	1,021.00
2028	1,034.00
	39,832.00

SCHEDULE Y
REVENUES

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

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

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (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 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) as prescribed by the Loan Agreement, to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount 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 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;

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or a treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

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

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

> That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

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

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFO[illegible]RSEY 07016

ED 11-1C

Public Service Commission Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

July 13, 1988

Mr. Kenneth W. Dyche, Executive Director
Region 8 Planning and Development Council
P. O. Box 887
Petersburg, WV 26847

Re: CASE NO. 88-020-S-CN
TOWN OF RIDGELEY

Dear Mr. Dyche:

We are enclosing herewith two (2) copies of a Final Order entered by the Commission today which grants the Town of Ridgeley a certificate of convenience and necessity to construct improvements to the Town's sewer system and approves a contract between the Town and the City of Cumberland.

We are also enclosing a copy of the Commission's Joint Staff Memorandum prepared in this case.

Sincerely,

Pamela J. Hicks
Acting Secretary

PJH/ft
Encl

5K

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: July 13, 1988

CASE NO. 88-020-S-CN

TOWN OF RIDGELEY, a municipal corporation,
Mineral County.
Application for a certificate of convenience and necessity to construct improvements to its sewer system including separation of storm and sanitary sewers and connection to the City of Cumberland's sewer system to allow for treatment of waste at the Cumberland treatment plant, at Ridgeley, Mineral County.

FINAL ORDER

On January 13, 1988, the Town of Ridgeley, a municipal corporation, Mineral County, filed a duly verified application for a certificate of convenience and necessity to construct improvements to its sewer system, including separation of storm and sanitary sewers, and connection of the Town of Ridgeley's (Town) sewer system with that of the City of Cumberland (City), to allow for treatment of waste at the Cumberland treatment plant.

According to the Town's application, the project shall generally consist of construction to provide a separate sanitary sewer collection system by retrofitting an existing combined storm/sanitary collection system. The proposed construction was to be bid as a single contract consisting of approximately 7,600 linear feet of various size gravity and pressure PVC and/or ductile iron pipe, pre-cast concrete manholes and a submersible pump station, including a diesel generator for emergency power.

The Town originally estimated that the total project cost would be approximately $564,135. The Town proposed to finance this amount by use of a West Virginia Small Cities Block Grant in the amount of $516,900 and with proceeds from a sewer account held by the Town of Ridgeley, in the amount of $47,235.

By order of this Commission entered January 13, 1988, pursuant to West Virginia Code §24-2-11, the Town of Ridgeley was directed by the Commission to give notice of the filing of this application by publishing a copy of said order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Mineral County, making due return to the Commission of proper certification of publication immediately after publication. It was further provided in said order that any party desiring to make objection to the application must do so, in writing, within thirty (30) days after the publication of said notice.

Cumberland will be based upon actual sewage flows. Flow from the Town of Ridgeley will be metered at the Town's pump station with a flow-type meter and this figure will be compared to the total metered raw sewage flow at the City's plant by a similar flow meter. Staff also notes that proper letters of approval have been received from the Department of Natural Resources and Department of Health.

Staff has concluded that the project is needed and it is adequate in design and scope. Further, the project is financially feasible and publication was properly made under West Virginia Code §24-2-11. Therefore, Staff recommends approval of this certificate of convenience and necessity without hearing and further recommends approval of the agreement between the Town of Ridgeley and City of Cumberland, for treatment services, without specifically approving the terms and conditions thereof.

FINDINGS OF FACT

1. On January 13, 1988, the Town of Ridgeley, a municipal corporation, filed an application for a certificate of convenience and necessity to construct improvements to its sewer system, including separation of storm and sanitary sewers, and for the connection of the Town's system to that of the City of Cumberland, to allow the City to treat the Town's waste at its facility in Cumberland. (Application filed January 13, 1988, Joint Staff Memorandum dated July 11, 1988).

2. The Applicant has given notice to the public of its application for a certificate of convenience and necessity and has indicated that it intends to have the sewage treated by the City of Cumberland, for a fee. No protest has been filed either prior to or after the date of publication (January 20, 1988). (Certificate of publication, Joint Staff Memorandum filed July 11, 1988).

3. The Town of Ridgeley has taken bids on this project and the estimated total project cost of $776,899 is somewhat higher than that originally anticipated. The Town proposes to finance this project with a Small Cities Block Grant of $516,900, local funds of $69,340, and $199,159 borrowed from the West Virginia Water Development Authority. Proof of the availability of these funds and letters of commitment have been received by the Commission. The Town has also enacted a rate ordinance which will adequately provide for all operating and maintenance expenses, and debt service, and, further, no protests have been received to the lawfully enacted rate ordinance by the Town, within the period of time which would allow for Commission intervention. These new rates will go into effect January 1, 1989. (Application filed January 13, 1988, Joint Staff Memorandum filed July 11, 1988).

4. The Commission Staff has reviewed the application and information submitted therewith and recommends that the application for a certificate of convenience and necessity be granted, as well as approval of the agreement for treatment services to be provided by the City of Cumberland to the Town of Ridgeley, without specifically approving the terms and conditions of said agreement. (Joint Staff Memorandum filed July 11, 1988).

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

Mark T. Aliff
Administrative Law Judge

MTA:cjf

RECEIVED

1988 JUL 11 PM 4:41

W. VA. PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

JOINT STAFF MEMORANDUM

TO: HOWARD M. CUNNINGHAM
Executive Secretary

DATE: July 11, 1988

FROM: DAVID C. GLOVER
Staff Attorney

SUBJECT: CASE NO. 88-020-S-CN
TOWN OF RIDGELEY

On January 13, 1988, the Town of Ridgeley filed an application for a certificate of convenience and necessity to construct improvements to its sewer system, including separation of storm and sanitary sewers and connection to the City of Cumberland's sewer system to allow for treatment of waste at the Cumberland treatment plant. The Town of Ridgeley's sewage will be treated by the City of Cumberland pursuant to an agreement entered into by the parties.

The proposed construction was bid on March 30, 1988, as a single contract consisting of approximately 7,600 L.F. of various size gravity and pressure PVC and/or ductile iron pipe, pre-cast concrete manholes and a submersible pump station, including emergency diesal generator power. The apparent low bid was $622,923.

Attached is an Internal Memorandum from Sterling Bare, Utility Analyst, and C. E. Windham, Jr., P. E., both with the Water/Sewer Section, Utilities Division. As indicated in the memorandum, the total project cost, as provided by applicant on July 8, 1988, is $776,899. The Town has a Small Cities Block Grant of $516,900, and local funds of $69,340. Also, the Town proposes borrowing $199,159 from the West Virginia Water Development Authority. As proof of the availability of these funds, letters of confirmation have been received from the funding agencies.

The need for the project was addressed in a 1976 Preliminary Engineering Report which Staff received on July 8, 1988. The Town currently has no municipal sewage treatment facility. Due to the lack of an effective means of sewage collection/disposal and inadequate septic tanks, a serious health hazard exists. Moreover, Staff feels that this project is the most cost effective and environmentally sound approach toward providing the area with a wastewater facility.

Also, the Town adopted a new rate by a rate ordinance which was properly enacted on May 4, 1988. The

rates contained in this ordinance will be effective on January 1, 1989. Under this new ordinance, $21.00 will be charged for the first 600 cubic feet or less per quarter, and $1.85 per 100 cubic feet for all over 600 cubic feet per quarter. Further, Staff is of the opinion that these rates will be adequate to cover the estimated Operation & Maintenance expenses and debt service.

However, Staff's recommendation as to the adequacy of rates is based upon the Town's Rule 42 for the year ending 6/30/87. Staff has not received supporting documentation for the Town's Bill Analysis, we are therefore accepting the Town's estimated revenues as being correct. Additionally, the Town has included in its project costs $20,300 in excessive engineering fees for unnecessary work and $3,800 in interim financing which has not been adequately supported.

Pursuant to the previously noted agreement, Ridgeley will reimburse Cumberland for treating its waste on the basis of proportionate sharing of O & M costs relating to the treatment facility. The proportionate share of the O & M costs paid by Ridgeley to Cumberland will be based on actual sewage flows. Ridgeley's raw sewage flow will be metered at the Ridgeley pump station with a flow type meter, and compared to the total metered raw sewage flow at Cumberland's plant by a similar type flow meter. Therefore, Staff recommends that if either of the flow meters should malfunction, the O & M expenses be proportioned by comparing total water meter sales of the sewer customers of Ridgeley to the other water meter sales using the treatment plant.

Staff notes that the proper approval letters and permits from the Department of Natural Resources and the Department of Health have been submitted.

In conclusion, Staff is of the opinion that the project is needed, that the project is adequate in design and scope, is financially feasible, and that publication was proper under West Virginia Code §24-2-11. Therefore, Staff recommends approval of this certificate application without a hearing. Further, Staff recommends approval of the entering into of the agreement between Ridgeley and Cumberland, without specifically approving the terms and conditions thereof.

DCG/cbd
Enclosure

JSH
DJE DJE

I N T E R N A L M E M O R A N D U M

DATE: July 11, 1988

PUBLIC SERVICE COMMISSION
OF W. VA.

JUL 11 1988

LEGAL DIVISION
RECEIVED

TO: David Glover, Staff Attorney
Legal Division

FROM: WB Woody Bare, Utilities Analyst
CW C. E. Windham, Jr. P.E.
Water and Sewer Section
Utilities Division

SUBJECT: Case No. 88-020-S-CN
Town of Ridgeley
Application for a certificate of convenience and necessity to construct improvements to its sewer system including separation of storm and sanitary sewers and connection to the City of Cumberland's sewer system to allow for treatment of waste at the Cumberland treatment plant, at Ridgeley, Mineral County.

On January 13, 1988, the Town of Ridgeley, a municipal corporation, Mineral County, filed an application, duly verified, for a certificate of convenience and necessity to construct improvements to its sewer system including separation of storm and sanitary sewers and connection to the City of Cumberland's sewer system to allow for treatment of waste at the Cumberland treatment plant.

The project shall consist generally of construction to provide a separate sanitary sewer collection system by retrofitting an existing combined storm/sanitary collection system. The proposed construction was bid on March 30, 1988 as a single contract consisting of approximately 6,692 L.F. of various size gravity and pressure PVC and/or ductible iron pipe, pre-cast concrete manholes and a submersible pump station, including emergency diesel generator power, and appurtenances with the apparent low bid of $622,923.

The total project cost as provided by the applicant on July 8, 1988 is as follows:

Cost of Project	
Construction	$622,923
Technical Services	89,500
Legal/Fiscal	5,000
Administration	17,000
Rights of Way	4,500
Step I Loan Repayment	3,030
Interim Financing	3,800
Contingency	31,146
Total Project Cost	$776,899

This Project is to be funded as follows:

Source of Funds	
Federal/WVSCBG	$516,900
Local On Hand	52,840
Local From Interim Rates	16,500
Total Funds Available	586,240
Loan Funds Required	$190,659
Borrowing Costs	
Bond Counsel	8,500
Total Financing Cost	8,500
Size of Bond	$199,159
Loan Information	
Term of Loan	38
Interest Rate	7.5%
Annual System Revenue	$ 54,638
Annual Loan Repayment	$ 15,959
Reserve Account	1,596
Renewal Account	1,366
Debt Related Cost	$ 18,921

The need for this project was addressed in the 1976 Preliminary Engineering Report, however Staff did not receive this until July 8, 1988. This report was prepared by VTN Engineers and was submitted to the Town of Ridgeley on November 3, 1976. The Town of Ridgeley currently has no municipal sewage treatment facility, and because of the present lack of an effective means of sewage collection and disposal in the area surrounding the Town of Ridgeley and the inadequacy of septic tans there, a serious health hazard exists. Also, since Ridgeley is a progressive community, the expansion of present sewage collection and provisions for treatment is essential for this community's growth.

This project is the most cost effective and environmentally sound approach to the meeting the wastewater facility needs of the area; which is the Town of Ridgeley to renovate sections of its existing collection system, that collection facilities be expanded in the future to serve the outlying areas, and that the existing treatment facilities at Cumberland be utilized by Ridgeley pumping its sewage to Cumberland.

Ridgeley will reimburse Cumberland for handling and treating its waste on the basis of proportionate sharing of Operation and Maintenance (O. & M.) costs are defined as the cost of all labor, power, chemicals, vehicle expenses, maintenance, repair, replacement, improvement and administrative expenses. Provided, however, that vehicular expense shall

only relate to vehicle expense associated with the operation of the treatment plant.

The proportionate share of the O. & M. costs paid by Ridgeley to Cumberland will be based on actual sewage flows. Ridgeley's raw sewage flow will be metered at the Ridgeley pump station with a magnetic flow type meter, and compared to the total metered raw sewage flow at Cumberland treatment plant by a similar type flow meter.

Cumberland will bill Ridgeley on a monthly basis for these services in accordance with the account numbers per their agreement.

Staff recommends, if for some reason(s) that either of the flow meters should malfunction, the O. & M. expenses be proportioned by comparing total water meter sales of the sewer customers of Ridgeley to the other water meter sales using the treatment plant.

The Town of Ridgeley has passed a rate ordinance which will adequately cover the estimated O. & M. expenses and debt service. Attached are Cash Flow Statements.

Staff has completed is review of this application, along with the plans, specifications and supporting data, and recommends that the Commission issue a Certificate of Convenience and Necessity without a hearing.

However, Staff's recommendation as to the adequacy of rates is based upon the Town's Rule 42 for the year ending 6/30/87. Staff has not recieved supporting documentation for the Town's Bill Analysis, we are therefore accepting the Town's estimated revenues as being correct. Additionally, the Town has included in its project costs $20,300 in excessive engineering fees for unnecessary work and $3,800 in interim financing which has not been adequately supported.

The rate ordinance passed by the Town which becomes effective on 1/1/89 will, according to the O. & M. estimates and Debt Service Requirements as presented by the Town, provide adequate coverage.

WB:CEW:jaf

Attachment

Ridgeley, Town of
Cash Flow Analysis
Case No. 88-020-S-CN
Year Ended June 30,1987

	Pro Forma* ($)	
Available Cash:		
Operating Revenues	54,638	
Total Available Cash		54,638
Cash Requirements:		
Operating Expenses	30,307	
Total Cash Requirements Before Debt Service		30,307
Cash Available for Debt Service (A)		24,331
Debt Service Requirements:		
Interest	9,403	
Principal	6,556	
Subtotal (B)	15,959	
Bond Reserve	1,596	
Renewal & Replacement	1,366	
Total Debt Service Requirements		18,921
Surplus		5,410
Percent Coverage (A)/(B)		152%

* Based upon Town's third revision dated 7/8/88

LEGAL DIVISION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

J. Steven Hunter,
General Counsel

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

(304) 340-0317
Writer's Direct Call:340-

August 2, 1988

Charles H. Fyer, Mayor
Town of Ridgeley
P.O. Box 489
Ridgeley, West Virginia 26753

Re: Case No. 88-020-S-CN

Dear Mayor Fyer:

Please be advised that the Staff of the Public Service Commission has reviewed the Final Order as entered on the 13th day of July, 1988, by Mark T. Aliff, Administrative Law Judge, and takes no exception to that order. You may be advised that the Staff has determined that no exceptions will be filed to this order, and that no appeals will be taken from the decision as entered by the order of July 13, 1988.

Since no other parties appeared in protest or as intervenors to this said proceeding, unless the Town intends to file an appeal of this Final Order, no appeals will be taken from this decision.

Sincerely yours,

J. Steven Hunter
General Counsel

JSH/jm
cc: Vince Collins, Esq.

5B

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Re: Case No. 88-020-S-CN

Dear Mayor Fyer:

Please be advised that the Staff of the Public Service Commission has reviewed the Final Order as entered on the 13th day of July, 1988, by Mark T. Aliff, Administrative Law Judge, and takes no exception to that order. You may be advised that the Staff has determined that no exceptions will be filed to this order, and that no appeals will be taken from the decision as entered by the order of July 13, 1988.

Since no other parties appeared in protest or as intervenors to this said proceeding, unless the Town intends to file an appeal of this Final Order, no appeals will be taken from this decision.

Sincerely yours,

J. Steven Hunter
General Counsel

JSH/jm
cc: Vince Collins, Esq.

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and CHARLES FRYER, Mayor of the Town of Ridgeley (the "Issuer"), hereby certify as follows:

1. On the 4th day of August, 1988, the Authority received the entire original issue of $199,159 in aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated August 4, 1988, the Series 1988 A Bond being in the principal amount of $159,327 and the Series 1988 B Bond being in the principal amount of $39,832.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Charles H. Fryer, as Mayor of the Issuer, by his manual signature, and by Joni L. Daillebout, as Recorder of the Issuer, by her manual signature, 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 1988 A Bonds in the aggregate amount of $159,327 and proceeds of the Series 1988 B Bonds in the aggregate principal amount of $39,832 (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 RIDGELEY has caused this receipt to be duly executed and delivered by its Mayor, as of this 4th day of August, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Secretary-Treasurer

TOWN OF RIDGELEY

By Mark N. Frye
Mayor

07/27/88
RIDG1-F

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
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 Ridgeley Sewer Revenue Bonds, Series 1988 A, in the principal amount of $159,327 and Bond No. BR-1, constituting the entire original issue of the Town of Ridgeley Sewer Revenue Bonds, Series 1988 B, in the principal amount of $39,832 both dated August 4, 1988 (collectively, the "Bonds"), executed by the Mayor and Recorder of the Town of Ridgeley (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond and Notes Ordinance and 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 25, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion 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 $199,159, 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 4th day of August, 1988.

TOWN OF RIDGELEY

By _____
Mayor

07/27/88
RIDG1-G

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF RIDGELEY
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1 $159,327

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF RIDGELEY, a municipal corporation and political subdivision of the State of West Virginia in Mineral 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 HUNDRED FIFTY-NINE THOUSAND, THREE HUNDRED TWENTY-SEVEN DOLLARS ($159,327), 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, 1988. 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 August 4, 1988.

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 sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on July 11 and August 1, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued concurrently with the Sewer Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of $39,832, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1988 A Bonds Reserve Account") and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 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 1988 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 1988 B Bonds, provided however, that so long as there exists in the Series 1988 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 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, 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 RIDGELEY 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 August 4, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: August 4, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(See attached page)

TOWN OF RIDGELEY SEWER TOTAL BORROWING
ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
----------1988 SERIES A BONDS ----------

PERIOD ENDING 10/1	COUPON	PRIN.	INTEREST	DEBT SERVICE
1988	9.00		2,270.41	2,270.41
1989	9.00		14,339.43	14,339.43
1990	9.00	516	14,339.43	14,855.43
1991	9.00	562	14,292.99	14,854.99
1992	9.00	612	14,242.41	14,854.41
1993	9.00	668	14,187.33	14,855.33
1994	9.00	728	14,127.21	14,855.21
1995	9.00	793	14,061.69	14,854.69
1996	9.00	865	13,990.32	14,855.32
1997	9.00	942	13,912.47	14,854.47
1998	9.00	1,027	13,827.69	14,854.69
1999	9.00	1,120	13,735.26	14,855.26
2000	9.00	1,220	13,634.46	14,854.46
2001	9.00	1,330	13,524.66	14,854.66
2002	9.00	1,450	13,404.96	14,854.96
2003	9.00	1,581	13,274.46	14,855.46
2004	9.00	1,723	13,132.17	14,855.17
2005	9.00	1,878	12,977.10	14,855.10
2006	9.00	2,047	12,808.08	14,855.08
2007	9.00	2,231	12,623.85	14,854.85
2008	9.00	2,432	12,423.06	14,855.06
2009	9.00	2,651	12,204.18	14,855.18
2010	9.00	2,889	11,965.59	14,854.59
2011	9.00	3,149	11,705.58	14,854.58
2012	9.00	3,433	11,422.17	14,855.17
2013	9.00	3,741	11,113.20	14,854.20
2014	9.00	4,078	10,776.51	14,854.51
2015	9.00	4,445	10,409.49	14,854.49
2016	9.00	4,845	10,009.44	14,854.44
2017	9.00	5,281	9,573.39	14,854.39
2018	9.00	5,757	9,098.10	14,855.10
2019	9.00	6,275	8,579.97	14,854.97
2020	9.00	6,840	8,015.22	14,855.22
2021	9.00	7,455	7,399.62	14,854.62
2022	9.00	8,126	6,728.67	14,854.67
2023	9.00	8,857	5,997.33	14,854.33
2024	9.00	9,655	5,200.20	14,855.20
2025	9.00	10,524	4,331.25	14,855.25
2026	9.00	11,471	3,384.09	14,855.09
2027	9.00	12,503	2,351.70	14,854.70
2028	9.00	13,627	1,226.43	14,853.43
		159,327	436,621.57	595,948.57

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:

_____

08/01/88
RIDG3-B

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF RIDGELEY
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1 $39,832

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF RIDGELEY, a municipal corporation and political subdivision of the State of West Virginia in Mineral 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 THIRTY-NINE THOUSAND EIGHT HUNDRED THIRTY-TWO DOLLARS ($39,832), 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 August 4, 1988.

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 sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on July 11 and August 1, 1988 (collectively called the "Bond Legislation"), and is

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

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $159,327 AND DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1988 A Bonds herein described, all moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1988 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Net Revenues, the moneys in the Series 1988 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 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 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 1988 A Bonds in the then current or any succeeding year, and any reserve account for any or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into

certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 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 RIDGELEY 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 August 4, 1988.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: August 4, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(See attached page)

TOWN OF RIDGELEY

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER

----------1988 SERIES A BONDS ----------

	ZERO COUPON BONDS
1988	
1989	
1990	1,021.00
1991	1,021.00
1992	1,021.00
1993	1,021.00
1994	1,021.00
1995	1,021.00
1996	1,021.00
1997	1,021.00
1998	1,021.00
1999	1,021.00
2000	1,021.00
2001	1,021.00
2002	1,021.00
2003	1,021.00
2004	1,021.00
2005	1,021.00
2006	1,021.00
2007	1,021.00
2008	1,021.00
2009	1,021.00
2010	1,021.00
2011	1,021.00
2012	1,021.00
2013	1,021.00
2014	1,021.00
2015	1,021.00
2016	1,021.00
2017	1,021.00
2018	1,021.00
2019	1,021.00
2020	1,021.00
2021	1,021.00
2022	1,021.00
2023	1,021.00
2024	1,021.00
2025	1,021.00
2026	1,021.00
2027	1,021.00
2028	1,034.00

	39,832.00

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:

_____

08/01/88
RIDG3-C

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

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
J. ROBERT GWYNNE
WILLIAM E. GALEOTA
GORDON H. COPLAND

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA. 25326
(304) 342-2191
TELECOPIER (304) 342-0726

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

RANDALL C. LIGHT
CHRISTOPHER R. BASTIEN
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLPH FIFE
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD
BRYAN R. COKELEY
PATRICK D. KELLY
FRANCESCA TAN
CHRISTINE S. VAGLIENTI

OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

August 4, 1988

Town of Ridgeley
Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Ridgeley (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of $159,327 Sewer Revenue Bonds, Series 1988 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 August 4, 1988, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the 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, 1988, at the rate of 9.0% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, 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 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing sewerage facilities of the

Issuer (the "Project"); and (ii) to pay certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on July 11, 1988, as supplemented by a supplemental resolution adopted August 1, 1988 (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 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 Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excludable 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; however, it should be noted that with respect to 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) for the purpose of computing the alternative minimum tax imposed on such corporations. 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) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. 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 direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The Final Order of the Public Service Commission of West Virginia entered July 13, 1988 (Case No. 88-020-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

It is to be understood that the rights of the holders of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to 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

08/01/88
RIDG1-J

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

August 4, 1988

Town of Ridgeley
Sewer Revenue Bonds, Series 1988 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Ridgeley (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of $39,832 Sewer Revenue Bonds, Series 1988 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 August 4, 1988, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the 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 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated August 4, 1988, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1988 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

11

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 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage 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 ordinance duly enacted by the Issuer on July 11, 1988, as supplemented by a supplemental resolution adopted August 1, 1988 (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

Net Revenues of the System referred to in the Local Act and secured by a lien on and pledge of the Net Revenues of said System, junior and subordinate only to the Local 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 direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

7. The Final Order of the Public Service Commission of West Virginia entered July 13, 1988 (Case No. 88-020-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

It is to be understood that the rights of the holders of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to 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

08/02/88
RIDG1-L

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OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
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WRITER'S DIRECT DIAL NUMBER

August 4, 1988

Town of Ridgeley
Sewer Revenue Bonds, Series 1988 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of $159,327 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A (the "Local Bonds"), of the Town of Ridgeley (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. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that 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. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

08/02/88
RIDG1-K

STAGGERS & WEBB
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KEYSER, WEST VIRGINIA 26726
(304) 788-5749

August 4, 1988

Town of Ridgeley
Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, West Virginia 26301

Gentlemen:

I am counsel to the Town of Ridgeley, in Mineral County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated August 4, 1988, by and between the 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. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

1. The Loan Agreement has been duly authorized, executed and delivered by the 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 Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

3. The Local Act has been duly enacted and adopted 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 decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and 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 Final Order of the Public Service Commission of West Virginia entered July 13, 1988 (Case No. 88-020-S-CN) granting to the Issuer Certificates of Convenience and Necessity has not expired prior to the date hereof. However, the Public Service Commission staff has stated in a letter dated August 2, 1988, that it does not intend to appeal such Order and there are no intervenors or other parties of record in the case, other than the Issuer.

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, construction of the Project, 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,

Daniel C Staggers

07/27/88
RIDG1-M

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 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, ETC.
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

We, the undersigned MAYOR and RECORDER of the Town of Ridgeley, in Mineral County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the $199,159 aggregate principal amount of the Town of Ridgeley Sewer Revenue Bonds, Series 1988 A and Series 1988 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 Ordinance of the Issuer enacted July 11, 1988, and a Supplemental Resolution adopted August 1, 1988 (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, construction of the Project, operation of the System, receipt of the

Net Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net 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, construction of the Project, operation of the System, or such pledge or application of moneys and security or the collection of the Net Revenues or pledge thereof.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the 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. There are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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 Ridgeley.

Bond Ordinance.

Ordinance Creating Sanitary Board

Petition of Sanitary Board

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.

Loan Agreement.

Public Service Commission Order entered July 13, 1988.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer as set forth in its Charter is "Town of Ridgeley." The Issuer is a municipal corporation in Mineral County and 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 and 5 councilmembers 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
Charles H. Fryer - Mayor	July 1, 1987	June 30, 1989
Robert K. Baker - Councilmember	July 1, 1987	June 30, 1989
John J. Adams - Councilmember	July 1, 1987	June 30, 1989
Blaine J. Snyder - Councilmember	July 1, 1987	June 30, 1989
Michael Lantz - Councilmember	July 1, 1987	June 30, 1989
Maynard King - Councilmember	July 1, 1987	June 30, 1989

The names of the duly appointed and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Charles H. Fryer
Member	-	Rod Smith
Member	-	Paul McFarland

The duly appointed and acting Recorder is Joni L. Daillebout. The duly appointed and acting counsel to the Issuer is Daniel C. Staggers, Keyser, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the construction of the Project and operation and maintenance of the System have been

acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the 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 construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Ordinance 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, ETC: As of the date hereof, the United States Department of Housing and Urban Development has committed to the Issuer a grant in the approximate amount of $516,900. Such grant is in full force and effect as of the date hereof.

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; and (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.

12. RATES: The Issuer has duly enacted a rate ordinance on May 4, 1988, setting rates and charges for the services of the System. Such rate ordinance is presently in full force and effect, the period 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 August 4, 1988, 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 his 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 $199,159 (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 Ridgeley, 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 Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on July 11, 1988, at 7:00 p.m., in the Council Chambers of the Town Hall of the Town of Ridgeley and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received a Final Order of the Public Service Commission of West Virginia entered July 11, 1988 (Case No. 88-020-S-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 _____, 1988, that it does not intend to appeal such Order and there are no intervenors or other parties of record in the case, other than the Issuer. The Issuer does not intend to appeal such Order.

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 other than a governmental unit, 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.

18. NO FEDERAL GUARANTY: The Bonds are not, in whole or part, and will not be, 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.

WITNESS our signatures and the official seal of the TOWN OF RIDGELEY on this 4th day of August, 1988.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Charles H. Fryer	Mayor
John L. Dailleboust	Recorder
Daniel C. Staggers	Counsel to Issuer

07/27/88
RIDG1-N

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

CERTIFICATE AS TO ARBITRAGE

I, CHARLES H. FRYER, Mayor of the Town of Ridgeley, in Mineral County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $159,327 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A, of the Issuer, dated August 4, 1988 (the "Local 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 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 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 August 4, 1988, 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. In the ordinance pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds and the Series 1988 B Bonds, issued in the principal amount of $39,382 (the "Supplemental Bonds"), which

bear no interest, were sold on August 4, 1988, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of $199,159 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"). Costs of issuance of the Local Bonds will be paid from funds of the Issuer.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, 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 proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, 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 January 31, 1989. Construction of the Project is expected to be completed by November 15, 1988.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at $785,399. Sources and uses of funds for the Project are as follows:

SOURCES	
Gross Proceeds of Local Bonds	$159,327
Gross Proceeds of Supplemental Bonds	39,832
Local Funds	69,340
Grant Receipts	516,900
Total Net Proceeds	$785,399

USES	
Design, Acquisition and Construction of Project	$776,899
Costs of Issuance of Bonds	8,500
Total Uses	$785,399

The amount of Project costs not expected to be reimbursed or paid from Grant Receipts, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least equal to the gross proceeds of the Local Bonds. Except for the Grant

Receipts, proceeds of the Local Bonds, the Supplemental Bonds, such funds of the Issuer and interest earnings during construction, 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 from prior ordinances:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund;

(4) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund the Series 1988 A Bonds Reserve Account; and

(5) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund the Series 1988 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 Bonds proceeds in the amount of $3,030 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(2) 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.

12. Moneys held in the Series 1988 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 construction of the Project. All investment earnings on moneys in the Series 1988 A Bonds Sinking Fund and Series 1988 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing

interest payment, if any, due on the Series 1988 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1988 A Bonds Sinking Fund, 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 Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local 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 Local Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Local Bonds have been or will be pledged to payment of the Local Bonds. None of the moneys received from the sale of the Local Bonds will be deposited in the Series 1988 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1988 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1988 A Reserve Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1988 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

14. The Issuer expects to enter into a contract within 6 months of the date hereof or has already entered into such 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 construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 15 months.

16. 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.

17. With the exception of the amount deposited in the Series 1988 A Bonds Sinking Fund for payment of interest on the Local Bonds and amounts deposited in the Series 1988 A Reserve Account, if any, all of the proceeds of the Local Bonds will be

expended on the Project within 16 months from the date of issuance thereof.

18. Any money deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1988 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt.

19. 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 April 28, 1988.

20. The amount designated as cost of issuance of the Local Bonds consists only of costs which are directly related to and necessary for the issuance of the Local Bonds.

21. All property financed with the proceeds of the Local Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

22. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

23. No more than 10% of the proceeds of the Local Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of Local Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

24. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.

25. The Issuer shall use the Local 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.

26. The Issuer shall not permit at any time or times any of the proceeds of the Local 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 Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local 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 Local Bonds is excludable from gross income for federal income tax purposes.

27. The Local 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.

28. The Issuer will rebate to the United States the amount, if any, 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 Local Bonds.

29. 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 Local Bonds.

30. The Issuer shall comply with the yield restriction on Local Bond proceeds as set forth in the Code.

31. The Issuer has either (a) funded the Series 1988 A Bond 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 1988 A Bond Reserve Account which will be funded with equal payments made on a monthly basis over a 10 year period until such Series 1988 A Bond 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 1988 A Bond Reserve Account and the local 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.

32. The Issuer shall submit to the Authority within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer exception to rebate, then the Issuer shall submit to the Authority 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 Local Bonds subject to rebate.

33. The Issuer expects that no part of the Project financed by the Local Bonds will be sold or otherwise disposed of prior to the last maturity date of the Local Bonds.

34. 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 Local Bonds.

35. 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.

36. The original proceeds of the Local Bonds will not exceed the amount necessary for the purposes of the issue.

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

IN WITNESS WHEREOF, I have set my hand this 4th day of August, 1988.

TOWN OF RIDGELEY

By Clark H. Fryer
Mayor

08/01/88
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ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NEW JERSEY 07016

ED 11-1C

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

ENGINEER'S CERTIFICATE

I, Alfred Michael Collins, Registered Professional Engineer, Virginia License No. 17513, of Copper & Smith, P.C., consulting engineers, of Harrisonburg, Virginia, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing sewerage system of the Town of Ridgeley in Mineral County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition 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"), funds of the Issuer and certain grant proceeds from the United States Department of Housing and Urban Development. Capitalized words not defined herein shall have the meanings set forth in the Ordinance enacted by the Council of the Town on July 11, 1988, as supplemented by a Supplemental Resolution adopted on August 1, 1988, and the Loan Agreement and Supplemental Loan Agreement, both dated August 4, 1988, by and between the Issuer and the West Virginia Water Development Authority (the "Authority").

2. I hereby certify that (i) the Project will be 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 Ridgeley; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the 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 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 prior to commencement of construction 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 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 construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates and charges for the sewerage 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; and (viii) 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 4th day of August, 1988.

COPPER & SMITH, P.C.

By Alfred Michael Collins

07/27/88
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ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE CRANFORD NJ 07016 ED 11-1C

John C. Stone
Certified Public Accountant
116 Orchard Street
Keyser, WV 26726

August 4, 1988

Town of Ridgeley
Sewer revenue Bonds,
Series 1988 A and Series 1988 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth in the ordinance of the Town of Ridgeley enacted May 4, 1988, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Copper & Smith, P.C., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewer system of the Town of Ridgeley, 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 Sewer Revenue Bonds, Series 1988 A and Series B, to be issued to West Virginia Water Development Authority and all other obligations secured or payable from the revenues of the System on a parity with such Bonds.

Very truly yours,

John C Stone

John C. Stone
Certified Public Accountant

07/27/88
RIDGI-O

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NJ 07016 ED 11-10

CHARTER.

At a Circuit Court for Mineral County, West Virginia, held at the Court House of said county, on the 28th day of November, 1914, an order was entered of which the following is an extract.

IN RE THE INCORPORATION OF THE TOWN OF RIDGELEY.

This matter came on this, the 28th day of November, 1914, upon the petition of J. Radcliffe and others, formerly filed herein, and its exhibits filed therewith; upon the evidence of Willard Everstine and J. Radcliffe, this day taken at the bar of the Court; upon the return under oath of C. A. Jewel, F. H. Moreland, H. E. Valentine and G. W. Spangler, the persons who conducted the taking of the vote on the question of the incorporation of the hereinafter described territory, supplemented by the return under oath of the said C. A. Jewel and F. H. Moreland, two of the persons selected to conduct, and who did conduct the taking of said vote; upon the evidence formerly taken herein at the bar of the Court; upon the former orders entered herein, and upon the showing that a majority of all the qualified voters casting their votes and residing within the boundaries hereinafter set forth are in favor of the incorporation of the said Town of Ridgeley.

And it appearing to the Court by satisfactory proof that all the provisions of Chapter 47 of the Code of West Virginia have been complied with by the applicants for said incorporation, the Court doth hereby order and direct the Clerk of this Court to issue a certificate of incorporation of said Town of Ridgeley in the form prescribed by Section 9 of Chapter 47 of the Code of West Virginia, in words and form following:

A certificate under oath of G. W. Spangler, H. E. Valentine, C. A. Jewel and H. F. Moreland, and the separate certificate of said C. A. Jewel and said H. F. Moreland, under oath, having

been heretofore returned to this Court, showing that a majority of all the qualified voters residing within the following boundaries, to wit:

Beginning at a sycamore stump standing on the south bank of the North Branch of the Potomac River, at the upper end of the Western Maryland Railroad Company's yards, and running thence, crossing said railroad company's tracks south 55 degrees up the mountain, crossing Miller's avenue at 255 feet, crossing the top of the mountain at 1150 feet, Knobley road at 2100 feet, 2250 feet in all, to some willow sprouts on the south bank of the North Branch of the Potomac river; thence following the bank up the said North Branch of the Potomac river north 47 degrees 30 minutes, east 407 feet; north 66 degrees, 30 minutes, east 700 feet; thence north 45 degrees, 30 minutes, east 356 feet; thence north 31 degrees, east 1125 feet; north 11 degrees, east 1322 feet to the center of the Western Maryland railroad track leading to the old bridge, and 30 feet from the end of the same, 1400 feet in all, to the center of the concrete block on the pier in the center of the south end of the Western Maryland Railroad Company's new bridge; thence north 440 feet to a point on the bank of the said North Branch of the Potomac river; thence north 88 degrees, west 280 feet to the center of the south end of the county bridge, leading to Cumberland, Maryland; thence following the said bank of the North Branch of the Potomac river, south 33 degrees, west 630 feet; south 69 degrees, west 625 feet; south 86 degrees 30 minutes, west 305 feet; north 87 degrees, west 750 feet; south 81 degrees 30 minutes, west 693 feet; south 66 degrees 30 minutes, west 293 feet; south 31 degrees 30 minutes, west 655 feet; south 23 degrees 30 minutes, west 1000 feet to the beginning, containing 180 acres, more or less, according to a survey made by Warren Harr, surveyor, on the third day of September, 1914, have been given in due form of law in favor of the incorporation of the town of Ridgeley in the County of Mineral, State of West Virginia, and in Frankfort District of said County and State and bounded as aforesaid. The said town of Ridgeley is hereby duly authorized within the corporate limits aforesaid to exercise all the corporate powers conferred by the said Chapter from and after the date of this certificate.

And the Court doth hereby appoint T. D. Harrison, J. H. Kerns and W. N. Ghour, three legal voters, residing in said territory to act as commissioners of election at the first election to be held in said town, which election shall be held within sixty days from date hereof, and notice of the same shall be given by said commissioners, by posting notices in three of the most public places in said town, for four weeks next preceding such election, and said notice shall specify the time and place where said election will be conducted, and also specify the officers to be voted for at said election; and said commissioners shall take the oath and do all other things required of them under Chapter of the Code of West Virginia.

STATE OF WEST VIRGINIA,
MINERAL COUNTY, to wit:

I, J. V. Bell, Clerk of the Circuit Court of Mineral County, State aforesaid, do hereby certify that the aforegoing is a true copy of the order incorporating the Town of Ridgeley, as the same appears of record.

In testimony whereof, I have hereunto set my hand and affixed the seal of said Court, at the Court House of said County, this second day of December, 1914.

(SEAL)

J. V. BELL,
Clerk Circuit Court.

Town of Ridgeley

RIDGELEY, WEST VIRGINIA
26753

"I, Maynard King DO SOLEMNLY SWEAR that I will support the Constitution of the United States, the Constitution of this State, and the Ordinances of the Town of Ridgeley, and that I will faithfully and impartially discharge the duties of the office of Councilman to the best of my skill and my judgment, SO HELP ME GOD."

Maynard King

Subscribed and sworn before me this 28th day of June, 1987

Jim L Dauenhoust

Town of Ridgeley

RIDGELEY, WEST VIRGINIA

26753

"I, John J. Adams DO SOLEMNLY SWEAR that I will support the Constitution of the United States, the Constitution of this State, and the Ordinances of the Town of Ridgeley, and that I will faithfully and impartially discharge the duties of the office of Councilman to the best of my skill and my judgment, SO HELP ME GOD."

John J Adams

Subscribed and sworn before me this 1st day of Oct., 1987

Jane L Dailleboust

Town of Ridgeley

RIDGELEY, WEST VIRGINIA
26753

"I, Robert K. Baker DO SOLEMNLY SWEAR that I will support the Constitution of the United States, the Constitution of this State, and the Ordinances of the Town of Ridgeley, and that I will faithfully and impartially discharge the duties of the office of Councilman to the best of my skill and my judgment, SO HELP ME GOD."

Robert K. Baker

Subscribed and sworn before me this 28th day of June, 1987

Jim L. Dailebouse

Town of Ridgeley

RIDGELEY, WEST VIRGINIA
26753

"I, Blaine J. Snyder DO SOLEMNLY SWEAR that I will support the Constitution of the United States, the Constitution of this State, and the Ordinances of the Town of Ridgeley, and that I will faithfully and impartially discharge the duties of the office of Councilman to the best of my skill and my judgment, SO HELP ME GOD."

Blaine J. Snyder.

Subscribed and sworn before me this 28th day of June, 1987

Jon L. Daillebourst

Town of Ridgeley

RIDGELEY, WEST VIRGINIA
26753

"I, Michael Lantz,Sr. DO SOLEMNLY SWEAR that I will support the Constitution of the United States, the Constitution of this State, and the Ordinances of the Town of Ridgeley, and that I will faithfully and impartially discharge the duties of the office of Councilman to the best of my skill and my judgment, SO HELP ME GOD."

Michael Lantz Sr.

Subscribed and sworn before me this 28 day of June, 1987

John R Dillebount

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE CRANFORD NEW JERSEY 07016 ED 11-1C

TOWN OF RIDGELEY

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF RIDGELEY

WHEREAS, the Town of Ridgeley now contemplates the issuance of its Sewer Revenue Bonds, to finance the acquisition, construction and operation of a sewerage system, and additions, extensions and improvements thereto (the "System"), pursuant to Article 13 of Chapter 16 of the Official West Virginia Code of 1931, as amended (the "Act"); and

WHEREAS, the Act requires that a Sanitary Board be established in connection with the issuance of sewer revenue bonds, as aforesaid, and in connection with the custody, administration, operation and maintenance of such a sewer system by a municipal corporation;

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE CITY COUNCIL OF THE TOWN OF RIDGELEY AS FOLLOWS:

Section 1. That the Council of the Town of Ridgeley does hereby create and establish a Sanitary Board, with all powers and duties as provided in and pursuant to the Act.

Section 2. Composition; Chairman; Appointment of Members. The Sanitary Board shall be composed of the Mayor of the Town of Ridgeley, and two persons appointed by the Council, one of whom, during the construction period, must be a registered professional engineer. The engineer member of the Board need not be a resident of said municipality. After the construction of the System has been completed, the engineer may be succeeded by a person not an engineer. Said appointees shall originally be appointed for terms of 2 and 3 years respectively, and upon the expiration of each such term and each succeeding term, appointment of a successor shall be made in like manner for a term of 3 years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment. No officer or employee of the Town, whether holding a paid or unpaid office, shall be eligible to appointment on said Sanitary Board until at least 1 year after the expiration of the term of his public office.

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice

chairman from among its members, and a secretary and treasurer, who may be one person and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond in the penalty of $2,000 for the proper application of all money received by him as treasurer of the Board, and otherwise conditioned according to law.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board as such shall be paid no compensation. All members of the Board shall be reimbursed from sewage works funds for all necessary expenses incurred in the discharge of their duties, but there shall be no liability upon the city for any salary or expenses so incurred.

Section 5. Powers, Duties and Limitations. A. The Sanitary Board shall have the supervision and control of the custody, administration, operation and maintenance of any and all works for the collection, treatment and disposal of sewage, which are now owned or may hereafter be acquired by the Town.

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by this chapter and under and by virtue of Article 13, of Chapter 16, of the Code of West Virginia, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in said Article 13 as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, a manager, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of said Article 13 shall be paid solely and only from funds provided under the authority or power given it so as to bind the Board or the city beyond the extent to which money shall have been or may be provided under the authority of said Article 13. No contract or agreement with any contractor or contractors for labor or material exceeding in amount the sum of $1,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for

the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, installation and completion of such works the Sanitary Board shall operate, manage and control the same and may order and complete any extensions, betterments and improvements of and to the works that the Board may deem expedient if funds therefor be available or made available as provided by law, and shall establish rules and regulations for the use and operation of the works and of other sewers and drains connected therewith so far as they may affect the operation of such works, and to do all things necessary or expedient for the successful operation thereof, and the Board shall have in addition hereto any and all powers granted to it by said Article 13, or which may be granted to it by amendments to said Article 13, hereafter made, subject to any and all restrictions and limitations therein contained.

Section 6. Duty of Board to Restore Property Damaged by its Activities. All public ways or public works damaged or destroyed by the Sanitary Board in carrying out its authority under this chapter shall be restored or repaired by the Board and placed in their original condition, as nearly as practicable, if requested so to do by the proper authorities, out of the funds provided pursuant to the provisions of Article 13, Chapter 16 of the Code of West Virginia.

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be

disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Bonding of Employees Who Handle Money. The Sanitary Board may from time to time, in its discretion, require any of its employees to furnish a good and suitable indemnity bond, with a recognized and reputable surety, conditioned upon the faithful discharge of their duties as such, and to deliver up and pay over all money as provided by law. The Board shall require all persons who collect or otherwise handle funds of the Board to furnish a good and proper bond, with a recognized and reputable corporate surety conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons, as may be determined by the Board.

_____
Mayor

ATTEST:

_____
Recorder

First Reading: June 23, 1988

Enacted on Second Reading: June 30, 1988

08/03/88
RIDG1-Y

PETITION

The Sanitary Board of the Town of Ridgeley, on motion duly passed at its meeting on the 23rd day of June, 1988, respectfully petitions the Council of the Town of Ridgeley to enact an ordinance directing that revenue bonds and interim construction notes of the municipality be issued pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code, such bonds to be in an amount not to exceed $800,000 and such notes to be in an amount not to exceed $200,000 for the purpose of acquisition and construction of sewerage system improvements.

All as required by Chapter 16, Article 13 of the West Virginia Code.

SANITARY BOARD OF THE TOWN OF RIDGELEY

By _____
Chairman - Town of Ridgeley
Sanitary Board

07/27/88
RIDG1-R

ALL-STATE LEGAL SUPPLY CO., ONE COMMERCE DRIVE, CRANFORD, NJ 07016 ED 11-10

I, W. D. Tetrick, publisher of the NEWS-TRIBUNE, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Town of Ridgeley in the case of Sewer Revenue Bond

vs. _____

a copy whereof is hereto annexed has been published for 2 consecutive weeks in said NEWS-TRIBUNE, the first publication being on the 1st day of July, 19 88.

Given under my hand at Keyser this 8th day of July, 19 88.

Walter D. Tetrick
Publisher

Publisher's Fee $ 56.78

TOWN OF RIDGELEY
NOTICE OF PUBLIC HEARING ON
SEWER REVENUE BOND AND NOTES ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a special meeting of the Council of the Town of Ridgeley to be held on July 11, 1988, at 7:00 p.m. in the Council chambers at the Town of Ridgeley Town Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

Ordinance Authorizing the acquisition and construction of public sewerage facilities of The Town of Ridgeley and the financing of the cost, not otherwise provided, thereof through the issuance by the town of not more than $500,000 in aggregate principal amount of sewer revenue bonds, series 1988 A, not more than $300,000 in aggregate principal amount of sewer revenue bonds, series 1988 B, and not more than $200,000 interim construction financing, consisting of 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 and ratifying 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 Ridgeley on June 23, 1988.

The above quoted title of the Ordinance describes generally the contests thereof and the purposes of the Bond issue contemplated thereby. The proceeds of the Bonds will be used to construct certain sewerage facilities of the Town consisting of gravity and pressure sewer lines, manholes, a pump station and all appurtenant facilities (the "Project") which constitute properties for the collection and transportation of liquid or solid wastes, sewage or industrial wastes. The Bonds are payable solely from revenues to be derived from the ownership and operation of the municipal 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 Ridgeley for review by interested parties during regular office hours.

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

Joni L. Daillebout
Recorder

7:1,8

22

ORDINANCE NO._____

AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OR RIDGELEY, WEST VIRGINIA, ENTITLED "AN ORDINANCE TO ADOPT AND REVISE NEW SEWER RATES FOR THE TOWN OF RIDGELEY, WEST VIRGINIA".

EFFECTIVE JANUARY 1, 1989, THE RATES AND CHARGES FOR THE SEWAGE COLLECTED BY THE RIDGELEY SANITARY BOARD FOR ITS CUSTOMERS SHALL BE AS FOLLOWS, AND NO ABATEMENT OR RELEASE THEREFROM IS PERMITTED.

AVAILABILITY OF SERVICE

AVAILABLE FOR GENERAL DOMESTIC, COMMERCIAL AN INDUSTRIAL SERVICE.

RATES

FIRST 600 CUBIC FEET OR LESS PER QUARTER	$21.00
ALL OVER 600 CU. FT. QUARTERLY	1.85 per 100 cu. ft.

MINIMUM CHARGE

THE ABOVE SCHEDULE IS SUBJECT TO A MINIMUM QUARTERLY CHARGE OF TWENTY ONE DOLLARS.

DELAYED PAYMENT PENALTY

THE ABOVE SCHEDULE IS NET. ON ALL ACCOUNTS NOT PAID IN FULL WITHIN TWENTY (20) DAYS OF THE DATE OF THE BILLING, TEN PER CENT (10) WILL BE ADDED TO THE NET AMOUNT SHOWN.

THIS ORDINANCE WILL TAKE EFFECT ON JANUARY 1, 1989 AND AFTER ITS FINAL READING.

FIRST READING April 18, 1988

SECOND READING April 25, 1988

FINAL PASSAGE May 4, 1988

MAYOR Charles H. Fryer

CHARLES H. FRYER

RECORDER Joni L. Daillebouist

JONI L. DAILLEBOUST

ORDINANCE NO._____

AN ORDINANCE OF THE MAYOR AND TOWN COUNCIL OF RIDGELEY, WEST VIRGINIA, ENTITLED " AN ORDINANCE TO ADOPT AND REVISE NEW SEWER RATES FOR THE TOWN OF RIDGELEY, WEST VIRGINIA".

EFFECTIVE JANUARY 26, 1988, THE RATES AND CHARGES FOR THE SEWAGE TREATED BY THE RIDGELEY SANITARY BOARD TO ITS CUSTOMERS SHALL BE AS FOLLOWS, AND NO ABATEMENT OR RELEASE THEREFROM IS PERMITTED.

AVAILABILITY OF SERVICE

AVAILABLE FOR GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL SERVICE.

RATES

FIRST 600 CUBIC FEET OR LESS PER QUARTER $13.50
ALL OVER 600 CU. FT. QUARTLEY $1.15 PER 100 CU. FT.

MINIMUM CHARGE

THE ABOVE SCHEDULE IS SUBJECT TO A MINIMUM QUARTLEY CHARGE OF THIRTEEN DOLLARS AND FIFTY CENTS.

DELAYED PAYMENT PENALTY

THE ABOVE SCHEDULE IS NET. ON ALL ACCOUNTS NOT PAID IN FULL WITHIN TWENTY (20) DAYS OF THE DATE OF THE BILL, TEN PER CENT (10) WILL BE ADDED TO THE NET AMOUNT SHOWN.

THIS ORDINANCE SHALL TAKE EFFECT FROM AND AFTER ITS FINAL PASSAGE.

BE IT FURTHER ORDAINED THAT THIS ORDINANCE SHALL BECOME EFFECTIVE JANUARY26, 1988, AND SHALL BE CHARGED BEGINNING April 1, 1988.

PASSED FIRST READING JANUARY 18, 1988
PASSED SECOND READING JANUARY 26, 1988

MAYOR: Charles H. Fryer
CHARLES H. FRYER

RECORDER: Jim L. Daillebourst

I, W. D. Tetrick, publisher of the NEWS-TRIBUNE, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Commercial Sanitary Sewer in the case of Town of Ridgeley Delayed payment penalty

vs. _____

a copy wereof is hereto annexed has been published for 2 consecutive weeks in said NEWS-TRIBUNE, the first publication being on the 22nd day of April, 19 88.

Given under my hand at Keyser this 30th day of April, 19 88.

Walter D. Tetrick

Publisher

Publisher's Fee $ 74.84

EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective January 1, 1989.

Separability; Repeal of Conflicting Ordinances

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

Statutory Notice And Public Hearing

Following introduction hereof, the Recorder shall publish a copy of this Ordinance once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the Mineral Daily News Tribune, being the only newspaper published and of general circulation in the Town of Ridgeley, and said notice shall state that this Ordinance has been introduced and that any person interested may appear before Council on the 4th day of May, 1988, at 6:00 p.m. at the Ridgeley City Hall, in Ridgeley, WV, which date is not less than ten days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the council shall take such action as it shall deem proper in the premises.

NOTICE OF PUBLIC HEARING ON:

An ordinance establishing and fixing rates, fees, charges and delayed payment penalty charges for customers of the sewerage system of the Town of Ridgeley

The Town Council of the Town of Ridgeley hereby ordains: The following schedule of rates, fees, charges and delayed payment penalty chargs are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewerage system of the Town of Ridgeley throughout the territory served.

Schedule of Rates

APPLICABILITY

Applicable in the entire area served.

AVAILABILITY OF SERVICE

Available for general domestic and commercial sanitary sewer service.

RATES (Based upon the metered amount of water supplied)

First 600 cubic feet used per quarter (or any fraction thereof)	$21.00
Each additional 100 Cubic feet	1.85

DELAYED PAYMENT PENALTY

A 10 percent penalty shall be added to all charges not paid within 20 days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

ATTEST:

Joni L. Daillebout
Recorder

BY:

Charles H. Fryer
Mayor

4:22,30

I, W. D. Tetrick, publisher of the NEWS-TRIBUNE, a daily newspaper published at Keyser, Mineral County, West Virginia, hereby certify that the Special Session in the case of Establshing rates for sewer system customers

vs. _____

a copy wereof is hereto annexed has been published for 1 consecutive day in said NEWS-TRIBUNE, the first publication being on the 30th day of April, 19 88.

Given under my hand at Keyser this 30th day of April, 19 88.

Walter D. Tetrick

Publisher

Publisher's Fee $ 8.11

TOWN OF RIDGELEY
Notice of
Special Session

The town council of the city of Ridgeley will meet in special session on May 4, 1988, at 7:30 p.m., prevailing time, at City Building, Ridgeley, West Virginia, for the following purposes:

To enact an Ordinance establishing and fixing rates, fees, chages and delayed payment penalty charges for service to the customers of the sewerage system of the Town of Ridgeley and to conduct any other business that the Council shall deem proper in the premises.

Joni L. Daillebout
Recorder

Special Meeting
June 23, 1988

The meeting was called to order at 1:00 PM by Mayor Fryer with the Recorder, Chief Wright and Councilmen Adams, Baker, Snyder and King present. Mr. Lantz was excussed.

Second reading of the "Ordinance to Create a Sanitary Board for the Town of Ridgeley" was presented to the Council. On a motion made by Mr. King and seconded by Mr. Adams the ordinance passed.

On a motion made by Mr. Snyder and seconded by Mr. King, Paul McFarland was appointed as a member of the newly formed Ridgeley Sanitary Board.

On a motion made by Mr. Snyder and seconded by Mr. King, the special meeting of the Ridgeley Town Council was temporarily adjourned and the first meeting of the Ridgeley Sanitary Board was called to order by the Chairman, Mayor Fryer with member Paul McFarland in attendance. Engineer, Rod Smith was excused. Chairman Fryer read a petition to the Council recommending that the Town build a sewer collection system as designed by Copper and Smith and recommended the adoption of a Sewer Revenue Bond Ordinance. On a motion made by Mr. Adams and seconded by Mr. King, the town council passed the petition as presented.

Chairman Fryer adjourned the first meeting of the Sanitary Board at 1:15 PM and recalled the special town council meeting back into session.

The Council was then presented with teh first reading of the Sewer Revenue Bond and Note Ordinance . On a motion made by Mr. Adams and seconded by Mr. King, it was accepted as read.

Being no other business at hand, the meeting was adjourned at 1:25 PM.

Submitted
Jon L Dauenhauer
Recorder

Approved
Charles W. Fryer
Mayor

Special Meeting
June 28, 1988

The meeting was called to order at 4:00 PM by Mayor Fryer with the Recorder, Chief Wright and Councilmen Adams, Lantz, Baker and King present. Mr. Snyder was excused

The purpose of the meeting was to award the construction contract for the current sewer project. On a motion made by Mr. King and seconded by Mr. Lantz, the contract was awarded to Relieghy Contracting from Beckley, WV.

Being no further business at hand, on a motion made by Mr. Baker and seconded by Mr. Adams, the meeting was adjourned at 4:15 PM.

Charles W. Fryer
Approved

Submitted
Jon L Dauenhauer
Recorder

Special Meeting
June 30, 1988

The meeting was called to order at 11:00 AM by Mayor Fryer with the Recorder, Chief Wright and Councilmen Baker, Adams, King, Lantz and Snyder were present.

The Council was presented with the second reading of the Sewer Revenue Bond and Note Ordinance. On a motion made by Mr. King and seconded by Mr. Adams, the ordinance passed its second reading.

After some discussion, the Coucnil agreed to pay Copper and Smith all monies due them on their contract amount of $89,500 except for $15,000 that is to be reserved for inspection during the contruction phase of the project.

Being no further business at hand, the meeting was adjourned at 11:35 AM.

Submitted
Jon L Davenport
Recorder

Approved
Charles H. Fryer
Mayor

Special Meeting
July 11, 1988

The meeting was called to order at 7:00 PM by Mayor Fryer with the Recorder, Chief Wright and councilmen Adams, King, Baker and Snyder present. Mr. Lantz was excused.

The first order of business was the third and final reading of the Sewer Revenue Bond and Note Ordinance. On a motion made by Mr. King and seconded by Mr. Baker, the Ordinance was passed.

The first reading of the Ridgeley Sewer Use Ordinance was then presented to the Council. On a motion made by Mr. Snyder and seconded by Mr. Adams, the ordinance passed the first reading.

The Council was then read a letter to Mr. Woody Bear, PSC, drafted by the Region 8 Planning and Development Council for the Mayor's signature.

Being no other business at hand, on a motion made and seconded, the meeting was adjourned at 8:00 PM.

Submitted
Jon L Davenport
Recorder

Approved
Charles H. Fryer
Mayor

Special Meeting
August 1, 1988

A special session of the Town Council of Ridgeley, WV was called to order at 7:30 PM by MAyor Fryer with the Recorder, Chief Wright and councilmen Adams, Baker, Lantz, King and Snyder present. Also present was Vince Collins, Bond Council with Steptoe and Johnson, Clarksburg, W.V.

After calling the meeting to order, the Mayor turned the meeting over to Mr. Collins who explained in detail to the Council the loan closing to be held in Charleston on August 4, 1988. He also presented to the Council the Final Resolution connected with the Sewer Revenue Bond and Note Ordinance. After some discussion, on a motion made by Mr. Lantz and seconded by Mr. Adams, the council passed the resolution as presented.

It was also noted that the National Bank of Keyser, Keyser, WV, had agreed to serve as the depository bank for a fee of $500.00 per year. The Council approved this action.

Being no other business at hand, on a motion made by Mr. King and seconded by Mr. Snyder, the meeting was adjourned at 8:10 PM.

Submitted

Jim L Darlelvent

Recorder

Approved

Charles H. Fryer
Mayor

THIS AGREEMENT, MADE AND EXECUTED IN DUPLICATE, This 10th day of November, 1987, by and between the MAYOR AND CITY COUNCIL OF CUMBERLAND, a municipal corporation of the State of Maryland (hereinafter called "City"), party of the first part, and the TOWN OF RIDGELEY, a body politic and corporate of the State of West Virginia (hereinafter called "Ridgeley"), party of the second part,

W I T N E S S E T H:

WHEREAS, City is the owner of a Wastewater Treatment Plant and related facilities which is located at the easterly end of Offutt Street in Cumberland, Allegany County, Maryland, and the various sewer lines located throughout the City and other areas which terminate at said Wastewater Treatment Plant; and

WHEREAS, said Wastewater Treatment Plant was designed and constructed to not only meet the needs of the area comprising the Corporate Limits of City but also the area contiguous thereto; and

WHEREAS, Ridgeley has the responsibility of constructing and maintaining a sewage collection and disposal system in Ridgeley in Mineral County, West Virginia, which district is near to City; and

WHEREAS, Ridgeley is desirous of constructing a sewage collection system in said District and connecting said system with City's sewer lines so that its sewage will be treated at City's Wastewater Treatment Plant; and

WHEREAS, City is desirous of leasing such sewage treatment facilities and the use of said City sewer lines to Ridgeley.

NOW, THEREFORE, in consideration of the sum of Ten Dollars ($10.00) mutually exchanged by and between the parties hereto, and other good and valuable considerations, the receipt whereof is hereby acknowledged, and the further consideration

of the terms and provisions of this Agreement, it is hereby covenanted and agreed by and between the parties hereto as follows:

1. CONSTRUCTION OF SEWAGE COLLECTION SYSTEM. Ridgeley shall, at its own cost and expense, construct such sewage collection system as it deems advisable in the area known as Ridgeley , which system shall terminate at the point when the same connects to City system as determined by City Department of Public Works.

2. PUMPING STATION. Ridgeley shall, at its own cost and expense, acquire such property as may be required and construct thereon a pumping station in accordance with such plans and specifications as approved by .

3. FORCE MAIN PUMPING LINE.

Ridgeley shall, at its own cost and expense, secure any easements, rights of way, etc., which may be necessary and construct a force main from the pumping station to connect with City's sanitary sewer main located directly across from the Ridgeley Flood Control Pump Station. City shall make no separate connection charge to Ridgeley ; however, the entire cost of making said connection on the aforementioned City sanitary sewer shall be at Ridgeley's cost and expense, and the necessary work in making said separate conneciton shall be performed by Ridgeley but said separate connection shall be inspected and approved by the City Department of Public Works.

If the surface of any street or alley of City is disturbed in connection with the construction or maintenance of said force main, Ridgeley shall be responsible to properly refill any excavations and City will resurface such streets or alleys and Ridgeley shall reimburse City for any such work done by City forces on the same basis as City charges privately owned utilities.

4. METER. Ridgeley shall at its own cost and expense ins ll a meter of a type accept e to both Ridgeley and the City Division of Public Works which shall be located at the Ridgeley Pump Station. The specifications for said meter and the installation thereof shall be approved by the City Division of Public Works. Ridgeley covenants that its meter will be checked and certified as to its accuracy by its manufacturer at not less than three (3) year intervals, at the cost and expense of Ridgeley which certifications shall be addressed to City and a copy sent to Ridgeley. City shall have the right to request that said meter be inspected and certified at more frequent intervals. Inspection shall not be more frequent than each six (6) months, barring some unforseen condition which may, in the opinion of City, cause said meter to be measuring inaccurately.

City's meter at the Sewage Treatment Plant shall also be inspected and certified as to its accuracy at not less than three (3) year intervals, at the cost and expense of the City, and a copy of such inspection and certification shall be sent to Ridgeley.

The meters shall be maintained to an accuracy of 2% of actual flow over a range of 5 to 100% of the rated capacity of the meters.

If Ridgeley has reason to suspect that City's meter is out of adjustment, it may request more frequent inspections; however, said inspection shall not be made more often than once in each six (6) months' period, barring some unforseen condition which may, in the opinion of Ridgeley cause said meter to be measuring inaccurately.

When special inspections and certifications of the meters are requested by either of the parties and such inspections reveal that the meter is accurate within the limits as hereinabove set forth, the party requesting such special in-

spection sha. pay the costs thereof. Whe. the inspection reveals that the meter is not accurate within the limits as hereinabove set forth, the party whose meter is found to be inaccurate shall pay the costs of such inspection and shall immediately have said meter repaired or adjusted.

5. READING METER. City shall read Ridgeley's meter on the 1st day of each month during the term of this Agreement unless such date falls on Sunday or a holiday, in which event the meter shall be read on the next succeeding day which is not a holiday. The meter, or the totalizer thereof, shall be sealed by City in the presence of representatives of Ridgeley , which seal shall not be broken by City or Ridgeley , without written permission of both parties. All charts and daily records in connection with the Ridgeley meter shall be made available to City for examination, at any and all reasonable times. All charts and daily records in connection with City's meter at the Sewage Treatment Plant shall be made available to Ridgeley for examination, at any and all reasonable times.

6. PAYMENTS. (a) Ridgeley shall pay to City a percentage of the total operating cost of the City's Wastewater Treatment Plant, as determined solely by City and as incorporated into the City's budget for the given fiscal year, and in addition a rate of return equal to ten percent (10%) on that percentage of the total operating cost. The percentage shall be determined on the basis of the average of flow from town of Ridgeley during the months subsequent to connection with the City system and the close of the fiscal year in which connection is first made, in relation to total sewage flowing through City meter for the same period. The total operating cost of the City's Wastewater Treatment Plant shall be pro-rated to the number of months during which connection with the City system is made.

For the first complete fiscal year following connection with City's system and for each fiscal year thereafter, the percentage of use shall be determined by ascertaining the amount of sewage flowing through Ridgeley's meter for the months of July and August and the amount flowing through the City's meter for the same period. The ratio thus determined shall then be applied to the operating costs as determined above to establish the amount to be paid by Ridgeley for the fiscal year.

City shall bill Ridgeley for the first year or portion thereof in which connection is made the amount as determined above and Ridgeley shall pay said amount within ninety (90) days. Thereafter, City shall bill Ridgeley for the first quarter of the fiscal year and monthly thereafter and the amount thereof shall be paid within twenty (20) days from the date of such billing. Billing not paid within the ninety-day period as aforesaid shall be subject to a late penalty equal to five percent (5%) of the amount and shall bear interest at the rate of one percent (1%) per month or portion thereof. Ridgeley shall have the right to audit any and all records of City in connection with its operating costs. At the end of each fiscal year after City's records are audited in connection with said operating costs, the charges made under this paragraph shall be adjusted accordingly. If any additional amounts are due by Ridgeley, the same shall be paid within twenty (20) days after a statement therefor is rendered by City. If any refund is due Ridgeley, such refund shall be made within twenty (20) days after the completion of City's audit.

In the event of a dispute between Ridgeley and City over any amount claimed due by City from Ridgeley, Ridgeley shall pay said amount in full as billed, and the dispute shall be arbitrated in accordance with the provisions hereof. In the event of a failure for any reason to pay the amounts billed, which said failure shall continue for a period of ninety (90) days from date of billing, City shall terminate service to Ridgeley

either by plugging the line or disconnecting same. Further, in no event shall City be obligated to arbitrate any dispute so long as amounts billed by it to Ridgeley remain unpaid in full beyond the twenty (20) day period allowed hereunder. In the event of a termination of service, Ridgeley shall pay to the City the total costs incurred by it in terminating and reconnecting or restoring service, together with the amount equal to the sum which would have been otherwise due from Ridgeley under all provisions of this Agreement had service not been terminated, with interest at the rate of twelve percent (12%) per annum during the period of termination. In the event the period of termination extends longer than the fiscal year in which service was terminated, the amount payable by Ridgeley shall be predicated on the last ratio determined in accordance with the provisions hereof pursuant to which amounts were billed and invoices paid.

(b) In addition to the amount to be paid City by said Ridgeley under paragraph 6(a) of this Agreement, Ridgeley shall pay to City a percentage of City's amortization of indebtedness on said Wastewater Treatment Plant and, in addition to said amortization of indebtedness amount, said Ridgeley shall pay to City a surcharge of 10% on said amount.

Ridgeley's share of amortization of indebtedness on said plant shall be an amount equal to the percentage of use of said plant by Ridgeley as determined above.

7. CAPITAL IMPROVEMENTS. If any capital improvements are made to the City's Wastewater Treatment Plant, Ridgeley shall pay its proportionate share of the amortization of indebtedness of such additional capital improvements upon the same terms and conditions as provided in Section 6(b) of this Agreement.

8. LIMITS. Ridgeley shall not provide sewage

services beyond the limits of its present Sanitary District without the written consent of City. The City will permit up to 200,000 gallons per day for Ridgeley, provided that that capacity is available at the Treatment Plant and in the Interceptor Sewer at the time of the request.

9. TERM. This Agreement shall be for a term of twenty (20) years, commencing on the _____ day of _____, 1988, and terminating on the _____ day of _____, 2008.

10. RENEWALS OF AGREEMENT. The Town of Ridgeley shall have the option to renew this Agreement for an additional term of ten (10) years, upon the terms and provisions of this Agreement, by giving City notice in writing of its intention to renew said Agreement for an additional ten year term, sixty (60) days prior to the expiration of this Agreement.

If the Town of Ridgeley exercises its option to renew this Agreement for a ten (10) year term, then, at the expiration of said ten (10) year term, said Town of Ridgeley shall have the option to renew this Agreement for another ten (10) year term, by giving written notice of its intention to renew said Agreement sixty (60) days prior to the expiration of said renewal term.

11. The Town of Ridgeley shall be required to comply with all ordinances, orders, rules, and regulations of the City of Cumberland governing the Wastewater Treatment Plant and the inflow of sewage thereto including, but not limited to, any Pretreatment Ordinance or other similar document as now in effect or as might hereafter be amended or any new ordinance, and in addition, shall comply with all rules, regulations, orders, statutes, laws, etc. promulgated by the United States Government or any agency thereof, the State of Maryland or any agency thereof, and the City of Cumberland governing any aspect of the wastewater operations of the City of Cumberland as the same are applicable to the Town of

Ridgeley.

It is specifically agreed that contemporaneously herewith the Town of Ridgeley shall execute an Interjurisdictional Agreement with the City of Cumberland, a copy of which said Agreement is attached hereto.

12. ARBITRATION. In case of any dispute or question between the parties hereto which shall arise under this Agreement, the same shall be submitted to arbitration. Each party to the Agreement shall select one arbitrator and the two thus selected shall choose a third. In the event said two arbitrators cannot agree upon the selection of a third, they shall request that said third abritrator be appointed by the Circuit Court for Allegany County, Maryland. The decision of a majority of the arbitrators shall be final and binding upon both parties to this Agreement.

IN WITNESS WHEREOF, the Mayor and City Council of Cumberland has caused these presents to be executed in its name by its Mayor and its Corporate Seal to be hereunto affixed, duly attested by its City Clerk; and the has caused these presents to be executed in its name by its Chairman, and its Corporate Seal to be hereunto affixed, duly attested by its Secretary, all on the day and date first above written.

ATTEST:

Joni L. Daillebourt

RIDGELEY SANITARY BOARD

By Charles H. Fryer
MAYOR AND PRESIDENT

ATTEST:

Audrey C. Wolfard
CITY CLERK

MAYOR AND CITY COUNCIL OF CUMBERLAND, MD

By [illegible]
MAYOR

STATE OF MARYLAND,

COUNTY OF ALLEGANY, to-wit:

I HEREBY CERTIFY, That on this 10th day of November, 1987, before me, the subscriber, a Notary Public of the State of Maryland, in and for Allegany County aforesaid, personally appeared George M. Wyckoff, Jr., Mayor of the City of Cumberland, a municipal corporation, and acknowledged the aforegoing Agreement to be the act and deed of said corporation.

WITNESS my hand and Notarial Seal.

Audrey C. Wolford
NOTARY PUBLIC.

My Commission expires: July 1, 1990.

STATE OF WEST VIRGINIA,

COUNTY OF MINERAL, to-wit:

I HEREBY CERTIFY, That on this 20th day of October, 1987, before me, the subscriber, a Notary Public of the State of West Virginia, in and for Mineral County aforesaid, personally appeared Charles H. Fryer, of Ridgeley Sanitary Board, and acknowledged the aforegoing Agreement to be the act and deed of said board.

WITNESS my hand and Notarial Seal.

Doris J. Keplinger
NOTARY PUBLIC.

My Commission expires: August 28, 1995.

Notary Public
Official Seal
State of West Virginia
My Commission Expires August 28, 1995
DORIS J. KEPLINGER
P.O. BOX 220
KEYSER, W. Va. 26726

DUSTRIAL PRETREATMENT AGREEMENT

THIS AGREEMENT, Made this 10th day of November, 1987, by and between the MAYOR AND CITY COUNCIL OF CUMBERLAND, a municipal corporation of the State of Maryland, hereinafter referred to as "City", and the TOWN OF RIDGELEY, a body politic and corporate of the State of West Virginia, hereinafter referred to as "Ridgeley";

W I T N E S S E T H:

WHEREAS, the City, as a condition of its NPDES operating permit has been required by the U. S. Environmental Protection Agency to develop and implement an industrial pretreatment program for the regulation of industrial wastewater discharges throughout its service area; and

WHEREAS, the U. S. Environmental Protection Agency has stipulated that the City, as the holder of the NPDES operating permit, has primary responsibility for enforcement of pretreatment standards throughout its service area; and

WHEREAS, the City has adopted a Wastewater Pretreatment Ordinance which contains standards and limitations for all industrial users of its treatment facilities to insure that such users comply with all pretreatment standards.

NOW, THEREFORE, the following Agreement is executed by the parties.

1. Pursuant to a Consent Order entered before the Department of Health and Mental Hygiene in the Matter of Cumberland Wastewater Treatment Plant, Ridgeley has caused to be adopted and entered in force an ordinance regulating all industrial users within the jurisdiction of Ridgeley. The ordinance provides for and shall continue to provide for enforcement by Ridgeley of all pretreatment standards contained in the City's ordinance, as it may be amended from time to time. Ridgeley agrees that all of the

standards in Ridgeley's ordinance are and shall continue to be at least as stringent as those in the City's Ordinance, as it may be amended from time to time. Ridgeley agrees to enforce all standards within its ordinance and to take all enforcement actions against all violators as provided for therein.

2. Ridgeley agrees that all current and future industrial users of the sewer system within its jurisdiction shall be required to obtain from Ridgeley an Industrial Waste Permit. All such users shall apply to Ridgeley for said permit on forms to be provided by Ridgeley and approved by the City. Ridgeley shall review each application with the City and Ridgeley shall decide whether or not to grant a permit based upon the acceptability of the applicant's wastewater. The City shall also have, at is discretion, the right to inspect the premises, equipment and material, and laboratory testing facilities of the applicant. Permits will only be issued by Ridgeley if the applicant's discharge is in full compliance with all standards in Ridgeley's Wastewater Pretreatment Ordinance. Ridgeley agrees that the City has the right to request the amendment of permits as new regulations are implemented by EPA or the State. Ridgeley agrees that the City may request the suspension of a permit when such suspension is necessary, in the sole and absolute judgment of the City, in order to stop a discharge which presents a hazard to the public health, safety, or welfare, to the environment at the City's treatment works or upon a finding that the discharger has violated any provision of Ridgeley's Wastewater Pretreatment Ordinance, and that Ridgeley shall suspend a permit when so requested, which suspension shall remain in full force and effect until such time as Ridgeley has advised the City that User's discharge no longer presents such a hazard.

3. Ridgeley agrees that the City may request an industrial user of the sewer system within Ridgeley's jurisdiction to provide at user's expense such facilities for preliminary treatment and handling of industrial waste as may be required in the judgment of the City. No preliminary treatment facilities shall be constructed or operated unless written approval of the plans, specifications and operating procedures is given by Ridgeley and approved by the City in the same manner and to the same extent as Industrial Waste Permits are issued pursuant to Paragraph 2 of this Agreement, which approval shall not be unreasonably withheld.

4. Ridgeley agrees that the City may require an industrial user of the sewer system within Ridgeley's jurisdiction to submit to the City Department of Public Works quarterly monitoring reports stating wastewater discharge characteristics.

5. Ridgeley agrees that the City shall have the right to periodically sample and analyze wastewater from industrial users within the jurisdiction of Ridgeley.

6. Ridgeley agrees to make available to the City all wastewater records deemed necessary by the City for implementation of the industrial pretreatment program.

7. Ridgeley agrees to cooperate with and assist the City in performing all of the acts described in this Agreement and in enforcing all standards and regulations contained in the City's Wastewater Pretreatment Ordinance.

8. In the event City requests suspension of the permit of an industrial user, Ridgeley shall take immediate steps to stop the introduction of sewage from said user into Ridgeley's system. Such steps shall include but not be limited to the stoppage of any sewage at the point where such sewage would enter into the system of Ridgeley.

9. Ridgeley shall indemnify, hold harmless and defend the City, its officers, agents and employees from any and all suits, actions, legal proceedings, claims, demands, damages, costs, expenses and attorney's fees in any manner caused by, arising from, incident to, connected with or growing out of the performance by Ridgeley of the terms and conditions of this Agreement.

WITNESS the hands and seals of the parties hereto on the day and date first above written.

MAYOR AND CITY COUNCIL OF CUMBERLAND

MAYOR.

ATTEST:

CITY CLERK.

TOWN OF RIDGELEY

MAYOR.

ATTEST:

TOWN CLERK.

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

CHARLESTON OFFICE
715 CHARLESTON NATIONAL PLAZA
P. O. BOX 1588
CHARLESTON, W. VA 25326
(304) 342-2191
TELECOPIER (304) 342-0726

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. McGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

OF COUNSEL
ROBERT W. LAWSON, JR
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

August 5, 1988

Town of Ridgeley
Sewer Revenue Bonds, Series 1988 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 bond issue. 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,

Vince Collins

STEPTOE & JOHNSON

Enclosure
Copy of letter with enclosure to:
Samme L. Gee, Esquire
Honorable Charles H. Fryer

08/01/88
RIDG1-S

Form **8038-G**
(December 1986)
Department of the Treasury
Internal Revenue Service

Information Return for Tax-Exempt Governmental Bond Issues

▶ Under Section 149(e)
(Use Form 8038-GC if issue price is under $100,000.)

OMB No. 1545-0720
Expires 12-31-89

Part I Reporting Authority

Check box if **Amended Return** ▶ ☐

1 Issuer's name: TOWN OF RIDGELEY

2 Issuer's employer identification number: 55-6000241

3 Number and street: City Hall, Williams Street

4 Report number: G198 8 - 1

5 City or town, state, and ZIP code: Ridgeley, West Virginia 26753

6 Date of issue: August 4, 1988

Part II Type of Issue (check box(es) that applies)

		Issue Price
7	Check box if bonds are tax or other revenue anticipation bonds ▶ ☐	
8	Check box if bonds are in the form of a lease or installment sale ▶ ☐	
9	☐ Education	
10	☐ Health and hospital	
11	☐ Transportation	
12	☐ Public safety	
13	☒ Environment (including sewage bonds) Sewer Revenue Bonds, Series 1988 A	$159,327
14	☐ Housing	
15	☐ Utilities	
16	☐ Other. Describe (see instructions) ▶	

Part III Description of Bonds

	(a) Maturity date	(b) Interest rate	(c) Issue price	(d) Stated redemption price at maturity	(e) Weighted average maturity	(f) Yield	(g) Net interest cost
17 Final maturity	10/1/28	9.0 %	$ 13,627	$ 13,627			
18 Entire issue			$159,327	$159,327	*29.4 years	9.0%	9.0%

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

19 Proceeds used for accrued interest	19	-0-
20 Proceeds used for bond issuance costs (including underwriters' discount)	20	$ 8,500
21 Proceeds used for credit enhancement	21	-0-
22 Proceeds allocated to reasonably required reserve or replacement fund	22	-0-
23 Proceeds used to refund prior issues	23	-0-
24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c))	24	$776,899

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

26 Enter the last date on which the refunded bonds will be called ▶ _____

27 Enter the date(s) the refunded bonds were issued ▶

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies ☒

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply ☐

c Check box if you expect to earn and rebate arbitrage profits to the U S ☐

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶

31 Pooled financings

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ ☐ and enter the amount ▶

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ ☒ and enter the name of the issuer ▶ West Virginia Water Development Authority and the date of the issue ▶ April 28, 1988

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief they are true, correct, and complete.

Signature of officer: Charles H. Fryer — Date: August 4, 1988 — Title: Mayor

For Paperwork Reduction Act Notice, see page 1 of the Instructions.

*Equal amortized payments for 38 years; first two years interest only.

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: August 4, 1988

(See Reverse for Instructions)

ISSUE: Town of Ridgeley, Sewer Revenue Bonds, Series 1988 A

ADDRESS: City Hall, Williams Street, Ridgeley, WV 26753 COUNTY: Mineral

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: August 4, 1988 CLOSING DATE: August 4, 1988

ISSUE AMOUNT: $ 159,327 RATE: 9.0%

1st DEBT SERVICE DUE: October 1, 1988 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: $516 PAYING AGENT: One Valley Bank

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8000

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: ~~The National Bank of Keyser~~
Contact Person: Lincoln H. Williams, Pres.
Phone: 788-3261

ESCROW TRUSTEE: N/A
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joni Daillebouist
Position: Recorder
Phone: 738-9400

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check (NONE)

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT (NONE)

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

28A

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: August 4, 1988

(See Reverse for Instructions)

ISSUE: Town of Ridgeley, Sewer Revenue Bonds, Series 1988 B

ADDRESS: City Hall, Williams Street, Ridgeley, WV 26753 COUNTY: Mineral

PURPOSE OF ISSUE: New Money X Refunding ____ Refunds issue(s) dated: ____

ISSUE DATE: August 4, 1988 CLOSING DATE: August 4, 1988

ISSUE AMOUNT: $39,832 RATE: 0.0%

1st DEBT SERVICE DUE: October 1, 1990 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: $1,021 PAYING AGENT: One Valley Bank

ISSUERS
BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8000

UNDERWRITERS
BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esq.
Phone: 340-1318

CLOSING BANK: The National Bank of Keyser
Contact Person: Lincoln H. Williams, Pres.
Phone: 788-3261

ESCROW TRUSTEE: N/A
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Joni Daillebouist
Position: Recorder
Phone: 738-9400

OTHER: ____
Contact Person: ____
Function: ____
Phone: ____

DEPOSITS TO MBC AT CLOSE:
By ____ Wire
____ Check
____ (NONE)

____ Accrued Interest: $ ____
____ Capitalized Interest: $ ____
____ Reserve Account: $ ____
____ Other: ____ $ ____

REFUNDS & TRANSFERS BY MBC AT CLOSE:
By ____ Wire
____ Check
____ IGT
____ (NONE)

____ To Escrow Trustee: $ ____
____ To Issuer: $ ____
____ To Cons. Invest. Fund: $ ____
____ To Other: ____ $ ____

NOTES: ____

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

28k

STATE OF WEST VIRGINIA

GOVERNOR'S OFFICE

OF

COMMUNITY AND INDUSTRIAL DEVELOPMENT

CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

LYSANDER L. DUDLEY, SR.
DIRECTOR

June 16, 1988

The Honorable Charles Fryer
Mayor
Town of Ridgeley
Ridgeley, West Virginia 26753

RE: Extension of State/Local Agreement
FY 1985-86 Small Cities Block Grant
Ridgeley Sewer System

Dear Mayor Fryer:

This letter concerns an extension of the State/Local Agreement (Purchase Order #1210) between the Governor's Office of Community and Industrial Development and the Town of Ridgeley for the above-referenced project.

Since all activities and final audit have not been completed, the expiration date of the Agreement has been extended to June 30, 1989. Any unaudited funds remaining in the project must be included in the next audit scheduled by the State Tax Department.

Interim close-out has not been granted. Final close-out cannot be granted until all Block Grant funds have been audited and a Final Performance Report has been received.

If you should have any questions regarding this letter, please contact Doug Schmidt at 348-4010.

Sincerely yours,

Fred Cutlip

Fred Cutlip, Director
Community Development Division

FC:sks

cc: Region VIII
Patra Collins

Fryer, Charles H.
GOCID/SCBG

DS

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

December 16, 1987

The Honorable Charles H. Fryer
Mayor
Town of Ridgeley
Williams Street
Ridgeley, West Virginia 26753

Dear Mayor Fryer:

On August 30, 1985, I awarded your community a Small Cities Block Grant (SCBG) in the amount of $516,900 to fund the sewer system improvements project.

In order to most effectively utilize the limited dollars available at that time, I committed $258,450 from the FY 1985 Small Cities Block Grant allocation with an additional commitment to evaluate your progress and provide the remaining $258,450 from our FY 1986 funding.

I have received a favorable report of your progress; therefore, I am pleased to announce my approval of the remaining $258,450 to allow the Ridgeley sewer improvement project to initiate construction. My Community Development staff will be contacting you to assist you in completing the changes necessary to meet your contract.

It is with great pleasure that I have been able to work with the Town of Ridgeley on the very worthwhile project which assists in the construction of a new sewer system for the residents of Ridgeley.

Sincerely yours,

Arch

Arch A. Moore, Jr.
Governor

AAMJr:sks

WV-47

STATE OF WEST VIRGINIA

PURCHASE ORDER

BUYER SF-23

Page 1 of 34 Pages

P.O. No. 1210

Date: 10/29/85

State Acct. No: 121-8029-15-025-13

Department or Institution: Governor's Office of Community & Industrial Dev. 1986

Fiscal Year:

B. R. Acct. No.:

Vendor Name & Address:
TOWN OF RIDGELEY 00
TOWN HALL
RIDGELEY, WEST VIRGINIA 26753

F.E.I.N. 556-000-241-1

TELEPHONE

Ship To:
Governor's Office of Community & Industrial Development
R-150, Captiâl
Charleston, WV 25305

Invoice in Quintuplicate to

11-18-85 sk

AGREEMENT

This Agreement constitutes the acceptance of contract made by and between the State of West Virginia by the Commissioner of Finance and Administration for and on behalf of Governor's Office of Community & Industrial Development and Town of Ridgeley, for Ridgeley wastewater system.

Service beginning August 30, 19 85 and extending until August 31, 19 87. All in accordance with standard form of agreement attached hereto as a part hereof.

SCHEDULE OF PAYMENT

$ _____ per _____

FEE:	$ 258,450.00
TRAVEL EXPENSE:	$
OTHER EXPENSE:	$
TOTAL:	$ 258,450.00

APPROVED AS TO FORM THIS 22 DAY OF Nov, 19 85

CHARLIE BROWN
Attorney General

BY [signature]
Assistant Attorney General

STATE OF WEST VIRGINIA
Department of Finance and Administration
JOHN F. McCUSKEY

by Dave Stott
Commissioner

Execution of this Agreement by the Commissioner of the Department of Finance and Administration and the Purchasing Director constitutes acceptance by those parties of the terms and conditions contained in the attached contract documents and binds the vendor whose signature appears therein to said terms and conditions.

Approval of the Governor on Page 2

TOTAL AMOUNT OF THIS ENCUMBERED PURCHASE ORDER $ FROM TRANSMITTAL

APPROVED AS TO PROVISIONS AND TERMS

STATE OF WEST VIRGINIA

Department of Finance and Administration
PURCHASING DIVISION

[signature]
DIRECTOR, PURCHASING DIVISION

11-40

DD 5

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

ARCH A. MOORE, JR.
GOVERNOR

August 30, 1985

The Honorable Charles Fryer
Mayor
Town of Ridgeley
Town Hall
Ridgeley, West Virginia 26753

Dear Mayor Fryer:

Thank you for your application to the Small Cities Block Grant program for fiscal year 1985. The State of West Virginia received 149 applications for funding totaling over $63 million in community development projects. As you are aware, West Virginia's FY 85 allocation was somewhat less than $17 million; less than a third of the amount requested for funding.

I recognize the desperate condition of sewer service in many West Virginia communities. After careful review of the many worthy projects submitted for consideration, I am pleased to announce my approval of your application in the amount of $516,900 to improve the sewer service for the Town of Ridgeley.

In order to most effectively utilize the limited dollars available, I hereby commit $258,450 from our FY 85 allocation which will be immediately available to you. The remaining $258,450 necessary to complete this project will be evaluated and committed in the coming fiscal year. I encourage you to immediately expedite this project and reach its completion as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the necessary contracts in order to proceed with your project. It is my intention to personally present your grant award to you at the earliest possible date.

It is with great pleasure that I am able to work with you to make this improvement a reality for all the citizens of Ridgeley.

Sincerely,

Arch

Arch A. Moore, Jr.
Governor

AAMJr:mp

SMALL CITIES BLOCK GRANT

C O N T R A C T

BETWEEN

GOVERNOR'S OFFICE OF COMMUNITY AND INDUSTRIAL DEVELOPMENT

AND

TOWN OF RIDGELEY

THIS AGREEMENT, entered into this 30th day of August, 1985 the West Virginia Department of Finance and Administration on behalf of the Governor's Office of Community and Industrial Development, hereinafter called the "State" and the Town of Ridgeley and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer the nonentitlement portion of the Community Development Block Grant Program as authorized by Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended through the Housing and Urban Rural Recovery Act of 1983 (Public Law 98-181) subject to the regulations of the Department of Housing and Urban Development, 24 CFR Part 570, Subparts C, I, K and O and subject to the scope of the State of West Virginia Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low and moderate income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has provided for opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination

and comment regarding the proposed project and on the community development performance of the Grantee.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low and moderate income families or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

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

1. Assistance to Grantee. The State shall obligate, to the Grantee, from funds allocated to the State by Grant Agreement B-85-DC-54-0001, $258,450 to perform such tasks hereafter described in the Scope of Services.

2. Scope of Services. The Grantee, or its designated agent, in accordance with the program guidelines to be used in the administration of the Small Cities Block Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to construct a wastewater treatment system by constructing a treatment plant and interceptor sewer lines and purchase land for treatment lagoons in addition to securing the necessary administrative and engineering services, and have project audited.

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

to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require a citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. Time of Performance. The Grantee will commence its duties under this Contract on August 30, 1985 and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by August 31, 1987. Completion date of this Contract may only be extended by mutual written agreement of both parties.

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

6. Administrative Requirements and Procedures.

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

(B) Applicable Law. The Grantee shall comply with all the restrictions, conditions, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, through 1983, and with all applicable State and federal laws and regulations including 24 CFR Part 570, Subpart K, in administering and distributing funds provided under this agreement including, but not limited to, the following:

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

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et. seq.) popularly known as the Fair Housing Act. In addition, Executive Order 11063, as amended by Executive Order 12259, and as implemented by 24 CFR Part 107 are applicable. The Grantee further certifies that it will take all actions necessary to affirmatively further fair housing.

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

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

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

(6) Section 401(b) of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831) prohibits the use of lead based paints in residential structures.

(7) The Grantee agrees to assume all of the responsibilities for environmental review, decision making and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(f) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain Management; (f) Executive Order 11990, Protection of Wetlands; (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control (n), Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemical of an Explosive or Flammable Nature (o), and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities) the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58.

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

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

(D) Audit. Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted through the State Tax Department. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-128, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs Activities, and Functions.

(E) Record Retention. Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

a. If any litigation, claim or audit is started before the expiration of the three year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

b. Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

The retention period starts from the date of the submission of the final expenditure report.

(F) Access to Records. The Grantee shall, at any time during normal business hours, and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the

matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

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

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

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

(I) Bonding and Insurance. Except as otherwise required by law, a grant that requires the contracting or subcontracting for construction of facility improvements shall provide for the Grantee to follow its own requirements relating to bid guarantees, performance bonds, and payment bonds unless the contract or subcontract exceeds $100,000. If the contracts or subcontracts exceed $100,000, the minimum bonding and insurance requirements shall be as follows:

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

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

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

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

(K) Interest of Members of the State and Others. No officer, member or employee of the State, or officer, member or employee of the Grantee who exercises any function or responsibilities in the review or approval of the undertaking or carrying out of this project, shall participate in any decision relating to this Contract which, during his tenure or for one year thereafter, affects his personal interest or the interest of any corporation, partnership, or association in which he is directly or indirectly interested or has any personal or pecuniary interest. No officer, member, or employee of the Grantee or any member of its governing body, or officer, member, or employee of the Contractor shall have any interest, direct or indirect, in this Contract or the proceeds thereof.

7. Recovery of Capital Costs. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certfies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. Displacement. The Grantee certifies that a plan for minimizing displacement of persons as a result of activities assisted under this contract has been established if required and agrees to assist persons actually displaced as a result of such activities.

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

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

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

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

actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

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

13. Reporting. A final Performance Report shall be submitted to the State within sixty (60) days after the close of the grant period. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the previously-referred to Program Guidelines of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

14. Closeout. Shall be completed when the State: 1) is in receipt of a Final Performance Report; 2) has determined that all monitoring findings have been formally addressed and are resolved; and 3) has received a completed, final project audit and has determined that any findings have been resolved.

15. Resolution of Disputes. Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on question of policy or fact being determined by the Director of GOCID or his designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws.

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

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

Mayor's Office - Town of Ridgeley

Town Hall

Ridgeley, West Virginia 26753

Grantee Mailing Address

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

TOWN OF RIDGELEY

Charles N. Fryer

By: Mayor

FUNDING PARAGRAPH

Service performed under this contract is to be continued in [illegible] fiscal year contingent upon funds [illegible] by the Legislature for this service, [illegible] are not appropriate for these services, this contract becomes of no effect and is null and void after June 30.

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

John G. Redline

John G. Redline, Director

Fred Cutlip

Fred Cutlip, Director
Community Development Division

RESOLUTION

WHEREAS: The City of Ridgeley needs to make improvements to its sewer system, and

WHEREAS: The State of West Virginia has made $258,450 available from the Fiscal Year 1985 Small Cities Block Grant Program, and

WHEREAS: The City of Ridgeley must authorize acceptance of the grant offer including the terms and conditions involved,

NOW THEREFORE BE IT RESOLVED: that the Ridgeley City Council authorizes the acceptance of the West Virginia Small Cities Program grant offer, including the terms and conditions involved and authorizes Charles Fryer, Mayor/City of Ridgeley, to execute all documents necessary to accept this grant.

Adopted this the 14th day of October, 1985, at a regular meeting of the Ridgeley City Council at which a quorum was present and a majority voted affirmatively on the Resolution.

Charles W. Fryer

Charles Fryer

MAYOR

ATTEST:

Joni L. Dailleboust

Clerk

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 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 Ridgeley Sewer Revenue Bonds, Series 1988 A and Series 1988 B, all dated August 4, 1988, in the aggregate principal amount of $199,159 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 4th day of August, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____ V.P.
Its Trust Administrative Officer

07/27/88
RIDG1-T

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

THE NATIONAL BANK OF KEYSER, a national banking association, with principal office in Keyser, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Notes Ordinance of the Town of Ridgeley, enacted July 11, 1988, authorizing issuance of the Town's Sewer Revenue Bonds, Series 1988 A and Series 1988 B, both dated August 4, 1988, in the aggregate principal amount of $199,159 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank in connection with such Bonds, all as set forth in said Ordinance.

Dated this 4th day of August, 1988.

THE NATIONAL BANK OF KEYSER

By _____
Its President

08/01/88
RIDG1-U

TOWN OF RIDGELEY

Sewer Revenue Bonds,
Series 1988 A and Series 1988 B

CERTIFICATE OF REGISTRATION OF BONDS

I, ~~CHARLOTTE S. MORGAN~~, Bruce C. Leckie V.P. ~~Trust Administrative Officer~~ of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the $199,159 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B, of the Town of Ridgeley (the "Issuer"), hereby certify that on the 4th day of August, 1988, the single fully registered Series 1988 A Bond of the Issuer in the principal amount of $159,327 designated "Sewer Revenue Bond, Series 1988 A," numbered AR-1, and the single fully registered Series 1988 B Bond of the Issuer in the principal amount of $39,382 designated "Sewer Revenue Bond, Series 1988 B," numbered BR-1, were registered as to principal and interest (the Series 1988 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 the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 4th day of August, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Bruce C. Leckie V.P.
Its Trust Administrative Officer

08/01/88
RIDG1-V

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD SEY 07016 ED 11-20

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 4th day of August, 1988, by and between the TOWN OF RIDGELEY, 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 $159,327 aggregate principal amount of Sewer Revenue Bonds, Series 1988 A and Series 1988 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Ordinance enacted July 11, 1988, and a Supplemental Resolution adopted August 1, 1988 (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 Ridgeley
City Hall
Williams Street
Ridgeley, West Virginia 26753
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 RIDGELEY 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 RIDGELEY

By _____
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By _____
Its V.P.

07/27/88
RIDG1-W

EXHIBIT A

[Included in transcript as Document No. 1]

Invoice

ONE VALLEY BANK

TOWN OF RIDGELEY, WEST VIRGINIA

DATE AUGUST 4, 1988

UNITS	ITEM DESCRIPTION	TOTAL
	$199,159 TOWN OF RIDGELEY, WV SEWER REVENUE BONDS, 1988 SERIES A ($159,327) AND SERIES B ($39,832)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENICATING AGENT.....	$500.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATT: CHARLOTTE S MORGAN

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 Sewer Revenue Bond, Series 1988 A, of the Town of Ridgeley in the principal amount of $159,327, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

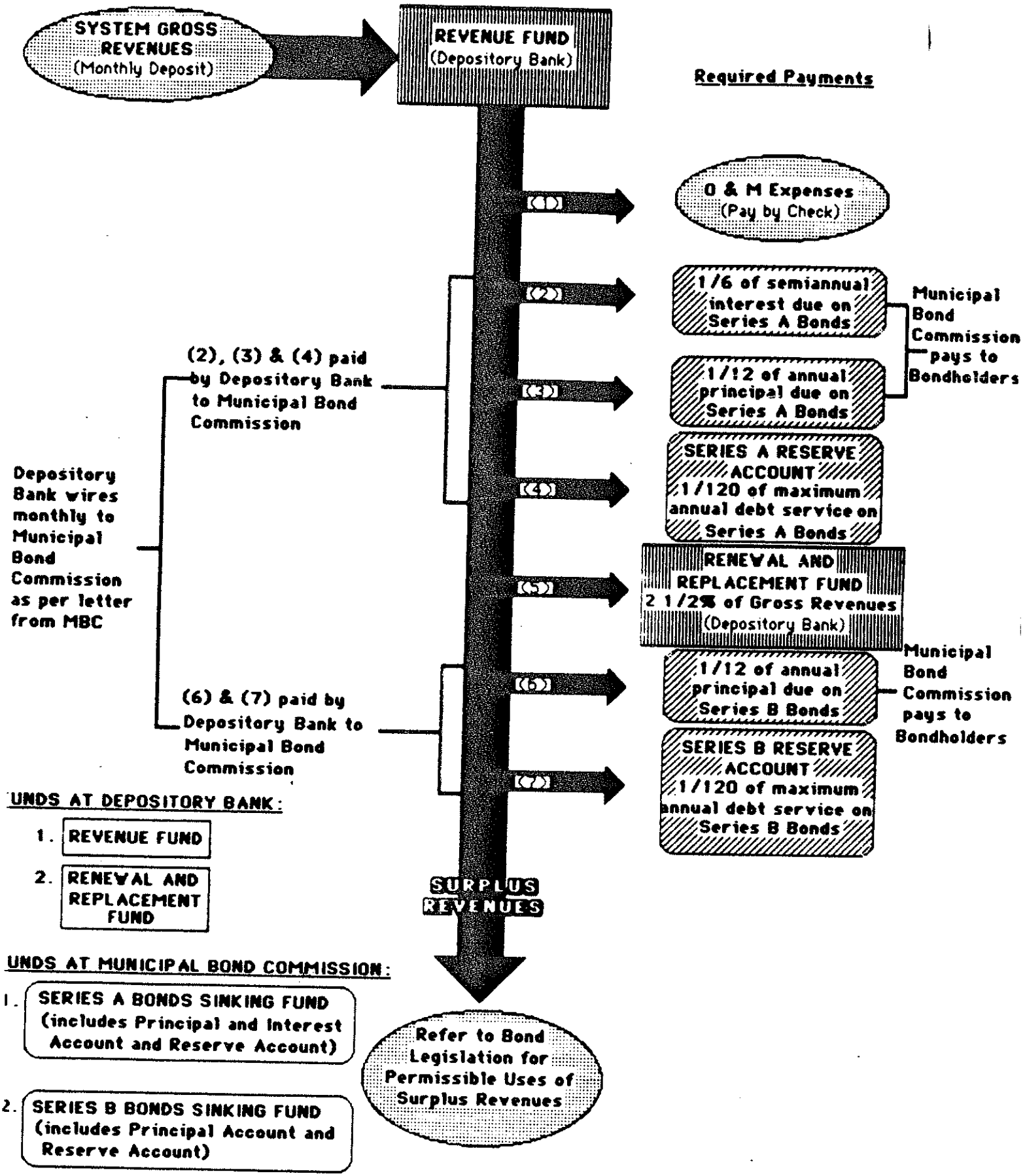
Dated: August 4, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Daniel B. Yankoski

Authorized Representative

07/27/88
RIDG1-X

ALL-STATE LEGAL SUPPLY CO. ONE COMMERCE DRIVE, CRANFORD, NJ 07016 ISEY 07016 ED 11-2C

FLOW OF FUNDS SCHEMATIC DIAGRAM - SYSTEM REVENUES