TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture)

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TOWN OF SUMMERSVILLE
Combined Waterworks and Sewerage System Bonds, Series 2009 A
(United States Department of Agriculture)

BOND ORDINANCE

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TOWN OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE TOWN OF SUMMERSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance is adopted and enacted pursuant to the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Summersville (the "Issuer") is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

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

A. The Issuer currently owns and operates a combined waterworks and sewerage system and desires to acquire, construct and operate certain additional public combined waterworks and

sewerage facilities consisting of additions, betterments and improvements to such existing combined waterworks and sewerage facilities, with all appurtenant facilities.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments and improvements to the existing combined waterworks and sewerage system of the Issuer, consisting of construction of waterline extensions at or near the City of Summersville, together with all necessary appurtenances (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the Issuer. The existing combined waterworks and sewerage system of the Issuer, together with the Project and any further additions, betterments and improvements, are herein called the "System". The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $6,252,000, which will be obtained from the proceeds of sale of the Bonds herein authorized.

E. It is necessary for the Issuer to issue its Combined Waterworks and Sewerage System Bonds Series 2009 A (United States Department of Agriculture) in one or more series of bonds in the aggregate principal amount of not more then $3,500,000 (the "Series 2009 A Bonds"), to finance a portion of the cost of acquisition and construction of the Project. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2009 A Bonds prior to and during acquisition and construction, and for a period not exceeding six months after completion of such acquisition or construction, of the Project; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

F. The period of usefulness of the System, as herein defined, after completion of the Project is not less than 40 years.

G. The Issuer has the following outstanding obligations: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15,

2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); and (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds") (collectively, the "First Lien Bonds") and (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2009 A Bonds as to liens, pledge and source of and security for payment being the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000 (the "Prior Notes").

The Series 2009 A Bonds shall be issued on a parity with the First Lien Bonds. Prior to the issuance of the Series 2009 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2009 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2009 A Bonds prior to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the system.

H. It is in the best interest of the Issuer that the Series 2009 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions dated July 7, 2008, and any amendments, thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2009 A Bonds, or will have so complied prior to issuance of the Series 2009 A Bonds, including, among other things and without limitation, obtaining a certificate of convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 A Bonds by those who shall be the Registered Owner of the same from time to time, this Ordinance (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2009 A Bonds.

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

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

"Board" means the utility board duly created by the Issuer for the management and operation of its combined waterworks and wastewater system.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Recorder.

"Bonds" means, collectively, the Combined Waterworks and Sewerage System Bonds, Series 2009 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation, and the Prior Bonds.

"Closing Date" means the date upon which there is an exchange of the Series 2009 A Bonds for the proceeds, or at least a de minimus portion, thereof representing the purchase price of the Series 2009 A Bonds from the Purchaser.

"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 Engineer" means Stafford Consultants, Inc., Princeton, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means the Town National Bank, Summersville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"Grants" means, collectively, all grants committed for the Project.

"FDIC" means the Federal Deposit Insurance Corporation.

"First Lien Bonds" means the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds, Series 1990 A Bonds and Series 1977 Bonds.

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

"Governing Body" or "Council" means the Council of the Issuer.

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer" or "Borrower" means the Town of Summersville, a municipal corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 7, 2008, and all amendments thereto, if any.

"Mayor" means the Mayor of the Issuer.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2009 A Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, materials and supplies, pumping costs, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Series 2009 A Bonds and into the respective reserve accounts and the Renewal and Replacement Fund have been made to the last monthly date prior to the date of such retention.

"Ordinances" means, the Bond Legislation.

"Prior Bonds" means, collectively, the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds, Series 1991 B Bonds, Series 1990 A Bonds, Series 1990 B Bonds and Series 1977 Bonds.

"Prior Notes" means the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000.

"Prior Ordinances" means the Ordinances of the Issuer, authorizing the issuance of the Prior Bonds, as supplemented.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(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 (hereinbefore defined) 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Series 2009 A Bonds.

"Reserve Funds" means, the respective reserve funds for the Bonds.

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

"Second Lien Bonds" means the Series 1991 B Bonds and the Series 1990 B Bonds.

"Series 2007 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265.

"Series 2007 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000.

"Series 2002 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505.

"Series 2002 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495.

"Series 1998 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000.

"Series 1991 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057.

"Series 1991 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651.

"Series 1990 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848.

"Series 1990 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152.

"Series 1977 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000.

"Series 2009 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds (United States Department of Agriculture) issued in one or more series authorized hereby to be issued pursuant to this bond legislation.

"State" means the State of West Virginia.

"System" means the complete combined waterworks and sewerage system of the Issuer and all combined waterworks and sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the combined waterworks and sewerage systems, including the Project, and any and all additions, betterments, improvements, properties or other facilities at any time acquired or constructed for the combined waterworks and sewerage system from any source whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Series 2009 A Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Series 2009 A Bonds, certificate or other documents may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated maximum cost of $6,252,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2009 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

The Cost of the Project is estimated not to exceed $6,252,000 of which an amount not to exceed $3,500,000 will be obtained from the proceeds of the Series 2009 A Bonds, approximately $858,294 from the proceeds of a grant from the Purchaser, $1,500,000 from the proceeds of a Small Cities Block Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of this Bond Legislation, the Series 2009 A Bonds of the Issuer, to be known as "Combined Waterworks and Sewerage System Bonds, Series 2009 A (United States Department of Agriculture)," are hereby authorized to be issued in the principal amount not to exceed $3,500,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2009 A Bonds shall be issued in one or more series, only as a fully registered Bonds, in a principal amount not to exceed $3,500,000 and shall bear interest from date of delivery, payable monthly at the rate not to exceed 3.625% per annum, all to be specified in the Supplemental Resolution and shall be sold for the par value thereof.

The Series 2009 A Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the Bond form hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2009 A Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2009 A Bonds, and the right to the principal of and stated interest on the Series 2009 A Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof,

by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2009 A Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2009 A Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2009 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2009 A Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2009 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2009 A Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2009 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2009 A Bonds for registration of transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust, and/or such other identifying number and information as may be required by law. The Series 2009 A Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2009 A Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2009 A Bonds shall be executed in the name of the Issuer by the Mayor and the seal of the Issuer shall be affixed thereto and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed the Series 2009 A Bonds shall cease to be such officer of the Issuer before the Series 2009 A Bonds so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2009 A Bonds had not ceased to hold such office. The Series 2009 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Series 2009 A Bonds shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2009 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2009 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2009 A Bonds shall have matured or be about to mature, instead of issuing a substitute Series 2009 A Bonds the Issuer may pay the same, and, if such Series 2009 A Bonds be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2009 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided for as to the Series 2009 A Bonds on a parity with the Series 1979 Bonds and Series 1986 C Bonds, and senior and prior to the Series 1990 B Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2009 A Bonds and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2009 A Bonds as the same becomes due.

Section 3.08. Form of Bonds. Subject to the provisions hereof, the text of the Series 2009 A Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any ordinance enacted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF SERIES 2009 A BOND)

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. AR-1 Date: _____, 2009

FOR VALUE RECEIVED, the TOWN OF SUMMERSVILLE (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of_____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the combined waterworks and sewerage system (the "System") of Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on _____, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on _____, 2009 authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,682,265 (THE "SERIES 2007 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "SERIES 2007 B BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,661,505 (THE "SERIES 2002 A BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,388,495 (THE "SERIES 2002 B BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 6, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $639,000 (THE "SERIES 1998 A BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $790,057 (THE "SERIES 1991 A BONDS"); (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $281,848 (THE "SERIES 1990 A BONDS"); AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 4, 1981, ISSUED IN THE ORIGINAL AGGREGATE

PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 1977 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS")

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,651 (THE "SERIES 1991 B BONDS"); AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,152 (THE "SERIES 1990 B BONDS" OR THE "SECOND LIEN BONDS".

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion or wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF SUMMERSVILLE has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

TOWN OF SUMMERSVILLE

[CORPORATE SEAL]

_____
Mayor

ATTEST:

_____
Recorder

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Ordinances and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Ordinances and continued hereby);

(3) Series 1977 Reserve Fund (established by the Prior Ordinances and continued hereby); and

(3) Series 2009 Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance), and shall be held by, the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2007 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Series 2007 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 2007 B Bonds Sinking Fund (established by the Prior Ordinances);

(4) Series 2007 B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 2002 A Bonds Sinking Fund (established by the Prior Ordinances);

(6) Series 2002 A Bonds Reserve Account (established by the Prior Ordinances);

(7) Series 2002 B Bonds Sinking Fund (established by the Prior Ordinances);

(8) Series 2002 B Bonds Reserve Account (established by the Prior Ordinances);

(9) Series 1998 A Bonds Sinking Fund (established by the Prior Ordinances);

(10) Series 1998 A Bonds Reserve Account (established by the Prior Ordinances);

(11) Series 1991 A Bonds Sinking Fund (established by the Prior Ordinances);

(12) Series 1991 A Bonds Reserve Account (established by the Prior Ordinances);

(13) Series 1991 B Bonds Sinking Fund (established by the Prior Ordinances);

(14) Series 1991 B Bonds Reserve Account (established by the Prior Ordinances);

(15) Series 1990 A Bonds Sinking Fund (established by the Prior Ordinances);

(16) Series 1990 A Bonds Reserve Account (established by the Prior Ordinances);

(17) Series 1990 B Bonds Sinking Fund (established by the Prior Ordinances);

(18) Series 1990 B Bonds Reserve Account (established by the Prior Ordinances); and

(19) Series 2009 A Notes Sinking Fund (established by Prior ordinances); and

(20) Series 2009 A Bonds Reserve Account.

Section 4.03. Bond Proceeds; Construction Trust Fund. The proceeds of sale of the Series 2009 A Bonds shall be deposited upon receipt by the Issuer in the Series 2009 Construction Trust Fund. The monies in the Account in excess of the amount insured by FDIC shall be secured at all

times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2009 Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2009 Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2009 Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2009 A Bonds if there are not sufficient Gross Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the Series 2009 Construction Trust Fund shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2009 Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2009 A Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Series 2009 A Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances 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 provided in the Ordinances.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Ordinances not otherwise modified herein:

(1) The Issuer shall next, each month, pay from monies in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the interest payments on the Series 1991 A Bonds and Series 1990 A Bonds as required by the Prior Ordinances; (ii) remit to the National Finance Office the interest payments on the Series 1977 Bonds as required by Prior Ordinance; and (iii) to the National Finance Office, the amounts required to pay the interest on the Series 2009 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the principal payments on the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, as required by the Prior Ordinances; (ii) remit to the National Finance Office the principal payments on the Series 1977 Bonds as required by Prior Ordinance; and (iii) on or before the due date hereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 A Bonds, the amount required to amortize the principal of the Series 2009 A Bonds over the life of the bond issue.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the respective reserve accounts for the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, the amounts required by the Prior Ordinances to be deposited therein; (ii) remit to the Depository Bank for deposit in the Reserve Account the amount required by Prior Ordinance for the Series 1977 Bonds; and (iii) remit to the Commission beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2009 A Bonds Reserve Account an amount equal to 10% of the monthly payment amount, until the amount in the Series 2009 A Bonds Reserve Account equals the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 A Bonds Reserve Requirement. Moneys in the Series 2009 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2009 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2009 A Bonds, or for mandatory prepayment of the Series 2009 A Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Series 2009 A Bonds Reserve Account, all

earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance to pay principal on the Second Lien Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance for deposit in the respective reserve accounts for the Second Lien Bonds.

(8) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein, may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the monies in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 A Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2009 A Bonds Reserve Account as herein provided, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and Electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day if each month), deposit with the Commission the required reserve account payments with respect to the Bonds 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.

The Revenue Fund, the Series 2009 A Bonds Reserve Account and the Renewal and Replacement Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 A Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Ordinances, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2009 A Bonds Reserve Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible, in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or in the Prior Ordinances, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2009 A Bonds Reserve Account so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by

resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2009 A Bonds, provide evidence that there will be at least 1,800 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V
GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2009 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2009 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2009 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2009 A Bonds.

Section 5.02. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinances. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Series 2009 A Bonds and the Prior Bonds and sufficient to make the payments required herein into

all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Ordinances. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2009 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 A Bonds pursuant to this Ordinance, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

No such additional Parity Bonds shall be issued except for the purposes of financing the costs of the acquisition and construction of extensions, additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 1977 Bonds or the Series 2009 A Bonds are Outstanding, 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, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 2007 A Bonds, series 2007 B Bonds, Series 2002 a Bonds, Series 2002 B Bonds, series 1998 Bonds , Series 1991 A Bonds, or Series 1990 A Bondsare outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustment 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 additional 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, if any, 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 Ordinance 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, 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 herein above 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 Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which has expired (without successful appeal) prior to the issuance of such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds theretofore or 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 Ordinance required for and on account of such Parity Bonds, in addition to the payments required for the Bonds theretofore issued pursuant to this Ordinance.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the 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 the lien on and source of and security for payment from such revenues, with the Bonds.

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

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2009 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

B. PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2009 A Bonds.

C. VEHICULAR PUBLIC LIABILITY INSURANCE, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of

vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

D. WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF THE ISSUER ELIGIBLE THEREFOR AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Recorder of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' Compensation coverage will be maintained as provided by law.

E. FLOOD INSURANCE to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

F. FIDELITY BONDS will be provided as to every member of the Governing Body and as to every officer and employee of the Issuer having custody of the Revenue Fund or of any Revenues or other funds of the Issuer in such amount as may be requested by the Purchaser from time to time.

G. Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2009 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2009 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act on a parity with the Series 1979 Bonds and Series 1986 C Bonds and senior and prior to the Series 1986 B Bonds and the Series 1996 A Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2009 A Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

A. Failure to make payment of any monthly amortization installment upon the Series 2009 A Bonds at the date specified for payment thereof;

B. Failure to duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2009 A Bonds or herein, or violation of or failure to observe any provision of any pertinent law; and

C. If a default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Prior Bonds shall be on a parity with the Series 2009 A Bonds.

Section 5.09. Fiscal Year; Budget. While the Series 2009 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of adoption hereof, subject to permitted changes.

Section 5.11. Books and Records; Audits. 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 the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2009 A Bonds are outstanding.

Section 5.13. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules.

A. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on June 22, 2009 and the sewer rate ordinance duly enacted on January 2, 2002 which rates are incorporated herein by reference as a part hereof.

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

C. All delinquent fees, rates and charges for services or facilities of the System shall be a lien on the premises served if not paid when due. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges, including, without limitation, any right and power of foreclosure under the Act and/or such other applicable provisions of law.

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

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

F. The Issuer, to the extent permitted by law, will not accept payment of any water bill from a customer served with water and sewer services by the Issuer without payment at the same time of a sewer bill owed by such customer for the same premises.

G. The Issuer shall not be liable to any customer for any damage resulting from bursting or breakage of any pipe, line, main, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatever.

H. In case of emergency, the Issuer shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the Issuer.

I. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the Issuer shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide revenues to meet its payments and obligations provided hereunder, and under the Prior Ordinances.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holder of the Series 2009 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 2009 A Bonds, the pledge of Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2009 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Except through such direct payment to the Holder of the Series 2009 A Bonds, the Issuer may not defease the Series 2009 A Bonds or otherwise provide for payment thereof by escrow or like manner.

Section 7.02. Modification or Amendment. Prior to issuance of the Series 2009 A Bonds, this Ordinance may be amended or supplemented in any way by ordinance or resolution. Following issuance of the Series 2009 A Bonds, no modification or amendment of this Ordinance, or any ordinance or resolution amendatory hereof or supplemental hereto, shall be made without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Mayor is hereby authorized and directed to cause the Series 2009 A Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2009 A Bonds.

Section 7.05. Prior Ordinances; Conflicting Provisions Repealed. The Prior Ordinances and all parts thereof not hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Ordinances.

All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) and the Prior Ordinances.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption and 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 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 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Legislation, determined by the Council to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the *The Nicholas Chronicle*, being qualified newspapers of general circulation in the Town of Summersville, together with a notice stating that this Ordinance has been adopted, and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Council upon a date certain, not less than ten days subsequent to the date of the first publication of the said abstract and notice and not prior to the last date of such publication, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder of the Issuer for review by interested parties during regular office hours. 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.

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Section 7.09. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Passed on First Reading:	August 10, 2009
Passed on Second Reading:	August 24, 2009
Passed on Final Reading Following Public Hearing:	September 14, 2009

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the Town of Summersville on the 14th day of September, 2009.

Dated November 12, 2009

[SEAL]

Marie Perry Parsons
Recorder

08.06.09
878730.00007

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A;
and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION MAKING PROVISIONS AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A AND THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B OF THE TOWN OF SUMMERSVILLE, AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Summersville (the "Issuer") has duly and officially adopted and enacted a bond ordinance, September 14, 2009 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WASTEWATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE TOWN OF SUMMERSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

2

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A, of the Issuer (the "Series 2009 A Bonds"), in one or more series in an aggregate principal amount not to exceed $3,500,000, and has authorized the execution and delivery of the documents relating to the Bonds, all in accordance with Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (collectively, the "Act");

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted;

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

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

A. Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $2,299,240 (the "Series 2009 A Bonds"). The Series 2009 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 3.375% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $8,967 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2009 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered BR-1 in the principal amount of $112,466 (the "Series 2009 B Bonds"). The Series 2009 B Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 3.375% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2009 B Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $439 on the corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of the Series 2009 B Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2009 B Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other

place as the Purchaser may designate after issuance of the Series 2009 B Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

Section 2. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2009 A Bonds and Series 2009 B Bonds may be delivered on or about November 12, 2009, to the Purchaser.

Section 3. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2009 A Bonds and Series 2009 B Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 4. Article II of the Ordinance is hereby revised and restated in its entirety.

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated maximum cost of $6,427,140, 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 Series 2009 Bonds hereby authorized shall be applied as provided in Article IV hereof.

The Cost of the Project is estimated not to exceed $6,427,140 of which $2,299,240 will be obtained from the proceeds of the Series 2009 A Bonds, $112,466 will be obtained from the proceeds of the Series 2009 B Bonds, approximately $858,294 from the proceeds of a grant from the Purchaser, $1,500,000 from the proceeds of a Small Cities Block Grant, a grant of $1,285,140 from the West Virginia Department of Environmental Protection Agency Abandoned Mine Lands and a grant of $372,000 from the West Virginia Infrastructure & Jobs Development Council.

Section 5. Article VI of the Ordinance is hereby revised and restated in its entirety.

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Ordinances and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Ordinances and continued hereby);

(3) Series 1977 Reserve Fund (established by the Prior Ordinances and continued hereby); and

(4) Series 2009 Construction Trust Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by Prior Ordinance), and shall be held by, the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2007 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Series 2007 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 2007 B Bonds Sinking Fund (established by the Prior Ordinances);

(4) Series 2007 B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 2002 A Bonds Sinking Fund (established by the Prior Ordinances);

(6) Series 2002 A Bonds Reserve Account (established by the Prior Ordinances);

(7) Series 2002 B Bonds Sinking Fund (established by the Prior Ordinances);

(8) Series 2002 B Bonds Reserve Account (established by the Prior Ordinances);

(9) Series 1998 A Bonds Sinking Fund (established by the Prior Ordinances);

(10)Series 1998 A Bonds Reserve Account (established by the Prior Ordinances);

(11)Series 1991 A Bonds Sinking Fund (established by the Prior Ordinances);

(12)Series 1991 A Bonds Reserve Account (established by the Prior Ordinances);

(13)Series 1991 B Bonds Sinking Fund (established by the Prior Ordinances);

(14)Series 1991 B Bonds Reserve Account (established by the Prior Ordinances);

(15)Series 1990 A Bonds Sinking Fund (established by the Prior Ordinances);

(16)Series 1990 A Bonds Reserve Account (established by the Prior Ordinances);

(17)Series 1990 B Bonds Sinking Fund (established by the Prior Ordinances);

(18)Series 1990 B Bonds Reserve Account (established by the Prior Ordinances); and

(19)Series 2009 A Bonds Reserve Account; and

(20) Series 2009 B Bonds Reserve Account.

Section 4.03. Bond Proceeds; Construction Trust Fund. The proceeds of sale of the Series 2009 A Bonds and Series 2009 B Bonds shall be deposited upon receipt by the Issuer in the Series 2009 Construction Trust Fund. The monies in the Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Monies in the Series 2009 Construction Trust Fund shall be expended by the Issuer solely for the purposes provided herein.

Monies in the Series 2009 Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

Until completion of acquisition and construction of the Project, the Issuer will additionally transfer from the Series 2009 Construction Trust Fund and pay to the Purchaser on or before the due date, such sums as shall be from time to time required to make the monthly installment payments on the Series 2009 A Bonds and Series 2009 B Bonds if there are not sufficient Gross Revenues to make such monthly payment.

Pending application as provided in this Section 4.03, money and funds in the Series 2009 Construction Trust Fund shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Series 2009 Construction Trust Fund shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.04. Covenants of the Issuer as to Revenues and Funds. So long as any of the Series 2009 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the respective Series 2009 Bonds Reserve Account, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2009 Bonds remaining unpaid, together with interest accrued to the date of such payment, the Issuer further covenants with the holder of the Series 2009 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Ordinances 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 provided in the Ordinances.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Ordinances not otherwise modified herein:

(1) The Issuer shall next, each month, pay from monies in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the interest payments on the Series 1991 A Bonds and Series 1990 A Bonds as required by the Prior Ordinances; (ii) remit to the National Finance Office the interest payments on the Series 1977 Bonds as required by Prior Ordinance; (iii) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2009 A Bonds; and (iv) beginning 30 days following the Closing Date, remit to the National Finance Office, the amounts required to pay the interest on the Series 2009 B Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the principal payments on the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, as required by the Prior Ordinances; (ii) remit to the National Finance Office the principal payments on the Series 1977 Bonds as required by Prior Ordinance; (iii) on or before the due date hereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 A Bonds, the amount required to amortize the principal of the Series 2009 A Bonds over the life of the bond issue; and (iv) on or before the due date hereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2009 B Bonds, the amount required to amortize the principal of the Series 2009 B Bonds over the life of the bond issue.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the respective reserve accounts for the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, the amounts required by the Prior Ordinances to be deposited therein; (ii) remit to the Depository Bank for deposit in the Reserve Account the amount required by Prior Ordinance for the Series 1977 Bonds; (iii) remit to the Commission beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2009 A Bonds Reserve Account an amount equal to 10% of the monthly payment amount, until

the amount in the Series 2009 A Bonds Reserve Account equals the Series 2009 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 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 2009 A Bonds Reserve Requirement; and (iv) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2009 B Bonds Reserve Account, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2009 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2009 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 Minimum Reserve.

Moneys in the respective Series 2009 Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2009 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2009 Bonds, or for mandatory prepayment of the Series 2009 Bonds as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Series 2009 Bonds Reserve Account, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance to pay principal on the Second Lien Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance for deposit in the respective reserve accounts for the Second Lien Bonds.

(8) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein, may be used to prepay installments of the Bonds, pro rata, or for any lawful purpose.

Whenever the monies in the Series 2009 A Bonds Reserve Account shall be sufficient to prepay the Series 2009 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 A Bonds, at the earliest practical date and in accordance with applicable provisions hereof.

Whenever the money in the Series 2009 B Bonds Reserve Account shall be sufficient to prepay the Series 2009 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2009 B Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Renewal and Replacement Fund as herein provided, and all amounts required for the Renewal and Replacement Fund will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written directions stating the amount remitted for deposit into each such fund.

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2009 Bonds Reserve Account as herein provided, and all amounts required for said account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser at anytime, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and Electronically transferred to the Commission on the dates required hereunder.

The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day if each month), deposit with the Commission the required reserve account payments with respect to the Bonds 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.

The Revenue Fund, the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Reserve Account and the Renewal and Replacement Fund shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2009 Bonds and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Subject to the Prior Ordinances, the Commission and the Depository Bank, at the direction of the Issuer, shall keep the monies in the Series 2009 A Bonds Reserve Account, the Series 2009 B Bonds Reserve Account and the Renewal and Replacement Fund invested and reinvested to the fullest extent possible, in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or in the Prior Ordinances, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia Board of Treasury Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings from monies in the Series 2009 Bonds Reserve Account so long as the Minimum Reserve is on deposit

and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer to be deposited in the Revenue Fund.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2009 Bonds, provide evidence that there will be at least 1,800 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Commission or the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The monies in excess of the sum insured by FDIC in any of such funds or accounts shall at all times be secured, to the full extent thereof in excess of such insured sum, in lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

Section 6. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 13th day of October, 2009.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Summersville on the 13th day of October, 2009.

Dated: November 12, 2009.

[SEAL]

Marie Perry Parsons
Recorder

10.07.09
878730.00007

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

9/17/2009

Entered: August 28, 2009

CASE NO. 09-0564-W-CN

CITY OF SUMMERSVILLE.
Application for a certificate of convenience and necessity to construct a water mainline extension near the City of Summersville, Nicholas County.

RECOMMENDED DECISION

On April 15, 2009, the City of Summersville (Summersville), a municipally operated public water utility, filed an application with the Public Service Commission under *West Virginia Code* (*Code*) §24-2-11 for a certificate of public convenience and necessity to construct a water mainline extension near Summersville in Nicholas County, and for approval of financing and increased rates associated with the project. Summersville has estimated that the project will cost approximately $6,252,000, to be funded by a $2,411,706 loan from the United States Department of Agriculture (USDA), a $1,500,000 Small Cities Block (SCB) grant, a $1,100,000 Abandoned Mine Lands (AML) grant, an $858,294 USDA grant and a $372,000 West Virginia Infrastructure and Jobs Development (IJDC) grant. Summersville is in the process of adopting increased rates and charges which would increase annual revenues by approximately $156,616, or 14%.

On April 15, 2009, the Commission required that Summersville publish a Notice of Filing once in a newspaper duly qualified with the Secretary of State, published and generally circulated in Nicholas County, providing a 30-day protest period. The Notice of Filing also provided that, if no protests[1] were received within the 30-day protest period, the Commission may waive formal hearing and grant the certificate based upon its review of the evidence submitted with the application. On April 27, 2009, Summersville submitted a publication affidavit showing that the Notice of Filing was published on April 23, 2009, in *The Nicholas Chronicle*. Numerous timely protests, including some on formal complaint forms, and at least one untimely protest, are lodged in the Commission file of this case.

[1] *Code* §24-2-11 was amended by H.B. 2863, effective from passage on April 10, 2009, to insert the word "substantial" before protest. Formerly, even one protest would require a hearing and public notice of that hearing in a certificate application. The amendment now requires, to trigger a public notice and hearing, that substantial protests be filed.

By the April 30, 2009 Referral Order, the Commission referred this case to the Division of Administrative Law Judges (ALJ Division) for decision on or before August 28, 2009, if no substantial protest was filed, or by September 28, 2009, if the matter was substantially protested.

On May 14, 2009, Staff Attorney L. R. Sammons, III, submitted the Initial Joint Staff Memorandum, indicating that, once it had completed its investigation, Commission Staff would submit a final substantive recommendation. Relating that its investigation revealed that the IJDC has not yet approved this project, Staff Attorney Sammons recommended that Summersville amend its application and resubmit its IJDC application in order to obtain all financing for the project. Also, Staff Attorney Sammons referenced an "attached" memorandum, dated May 7, 2009, from Engineering Technician John Mottesheard, Engineering Division, and Utilities Analyst Troy Eggleton, Water and Wastewater Division. However, the memorandum from Mr. Mottesheard and Mr. Eggleton was not attached to Staff's May 14, 2009 filing.

On May 29, 2009, Summersville submitted several documents in response to Staff's concerns, one of which Summersville cited as approval from the IJDC. The actual letter from the IJDC, dated June 8, 2007, states that the IJDC "has determined that the Project is technically feasible" within the IJDC guidelines. The letter also stated, "The Council also determined that [the District] may be eligible for a $372,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. **This letter is not a commitment letter of Infrastructure Funds**. The Project will be placed on the Council's pending list of projects." (Emphasis in original).

Responding to all of the above, by the June 15, 2009 Procedural Order, the Administrative Law Judge (ALJ) adopted a procedural schedule to process and resolve this matter, including a July 15, 2009 hearing date and a requirement to publish a notice of public hearing.

Also on June 15, 2009, Staff Attorney Sammons submitted the Further Initial Joint Staff Memorandum, attaching the May 7, 2009 Initial Staff Internal Memorandum mentioned above. Staff expressed concerns about whether Summersville had secured commitments for all of the project funding.

On June 16, 2009, Staff Attorney Sammons filed Staff's Motion to Cancel Procedural Schedule, indicating that Summersville had not yet enacted a rate ordinance sufficient to cover the increased O&M expenses and debt service requirements that would be generated by the project. Also, since several persons had protested the certificate case, Staff was concerned that a rate ordinance would trigger a municipal appeal case for the Commission to review those rates. Staff opined that the certificate case should be held in abeyance until sufficient rates were in place, although it could not specify how long the statutory deadline for the certificate case might need to be tolled if a municipal appeal case materialized. In view of the existing statutory deadline for the certificate application, Staff moved that the procedural schedule adopted by the June 15, 2009 Order be canceled and indicated that it would submit a status report in 30 days.

On June 22, 2009, Summersville submitted the City's Objection to the Procedural Order, taking exception to the ALJ's holding that "substantial" protests had been filed. Summersville estimated that less than 2.5% of its customers had protested the certificate application. Summersville

believes that no public hearing is necessary in the certificate application case and that any delay in advertising for bids would likely result in bids coming in over budget, which would require an even greater rate increase.

By the June 23, 2009 Order Canceling Hearing, the ALJ canceled the procedural schedule adopted by the June 15, 2009 Order, including the July 15, 2009 hearing date, and directed that Commission Staff file a status report within 30 days. The June 23, 2009 Order also held in abeyance Summersville's objection to the ALJ's previous holding that substantial protest had been filed.

On July 1, 2009, Summersville submitted letters from 13 of the Protestants to the certificate application, now indicating that they no longer objected to the proposed rate increase related to the project and that they wished to withdraw their protests.

On July 20, 2009, Summersville submitted a letter from counsel, attaching a letter from the West Virginia Water Development Authority (WDA), signed by Chris Jarrett, Executive Director, indicating the WDA's willingness to purchase a grant anticipation note (GAN) from Summersville in the amount of $1,872,000. The proceeds of the GAN would be used as "bridge financing for the project until such time as the IJDC has funds available to make the grant."

On July 23, 2009, Staff Attorney Sammons submitted Staff's Status Report. Mr. Sammons reported that only three protests remain to the project, since 13 of the original 16 protests were withdrawn. For this reason, Mr. Sammons opined that the matter was not substantially protested. Mr. Sammons also related that, on July 22, 2009, the 30-day protest period relevant to Summersville's new water rate ordinance had expired, and no protests to the rate ordinance had been filed. Finally, Mr. Sammons opined that the WDA's willingness to purchase a $1,872,000 GAN resolves the issue of whether Summersville has secured financing for the project.

On July 24, 2009, Summersville moved the Commission to expedite the decision in this matter. Summersville pointed out that, of the three remaining protests, one was not timely filed, leaving only two valid protests. Summersville also emphasized that any delay in advertising or awarding bids likely would result in increased costs for the project.

By the July 27, 2009 Order Holding No Substantial Protest Filed and Directing That Staff File its Report Within 10 Days, the ALJ held that, in light of only two valid protests remaining from the original 16, substantial protest, within the meaning of *Code* §24-2-11, has not been filed in this case. The ALJ directed that Commission Staff submit its report within ten days.

On August 11, 2009, Staff Attorney Chris Howard submitted the Final Joint Staff Memorandum, attaching the August 7, 2009 Final Internal Staff Memorandum from Mr. Eggleton and Mr. Mottesheard. Together, these Memoranda comprise Commission Staff's final substantive recommendation in this matter. The project, designated as Phase II-A, which will cost an estimated $6,642,000, will extend public water service to approximately 281 new customers in the Glade Creek area. Staff reported that the residents in the project area do not have safe water supplies due to contamination from pre-1977 mining activities, high levels of iron and fecal coliform. The cost per customer is approximately $22,250, utilizing approximately 24 miles of pipe. Staff found no feasible

alternative to the project. The project will increase operation and maintenance (O&M) expenses by approximately $17,665. The plans and specifications do not conflict with Commission rules and regulations. Sine Summersville has not obtained all necessary permitting, Staff recommended granting the certificate application subject to Summersville obtaining the permits. Staff also noted that the project had not yet been bid. The project has been approved by the IJDC and all funding commitments have been filed with the Commission, including a $2,411,706 USDA loan, a $1,500,000 SCB grant, a $1,500,000 AML grant, an $858,294 USDA grant and a $372,000 IJDC grant. The USDA loan has an interest rate of 3.625% for a term of 40 years, with the first two years requiring payment of interest only and the remaining 38 years requiring a payment of $117,216, plus a 10% debt service reserve. On July 20, 2009, Summersville filed a letter of commitment from the WDA for a GAN of $1,872,000, bearing interest for a period of two years, which amounts to short-term financing to be converted to long-term financing after the two-year period. Summersville's existing tariff, effective August 6, 2009, increased its previous rates for customers living in the Glade Creek area by approximately 26%. The current rates did not increase for customers living in Summersville. The additional revenues will cover the increased O&M expenses due to the project, provide a 122.12% debt service coverage and provide a cash flow surplus of approximately $17,130, making the project financially feasible. Staff recommend approving the project.

DISCUSSION

Since Summersville satisfied all public notice requirements; since substantial protest has not been filed; since the project will provide service to approximately 281 new customers whose water supply is contaminated; since the plans and specifications do not conflict with Commission rules and regulations; since Summersville has rates in place which support the project; and since Summersville has not let the project out for bid and has not obtained all necessary permits, the ALJ will grant the certificate application, subject to Summersville obtaining all necessary permits and subject to the project cost not exceeding $6,642,000. Since Summersville has obtained commitments for all financing, including the GAN short-term financing, the financing for the project will be approved.

FINDINGS OF FACT

1. The City of Summersville filed an application with the under *Code* §24-2-11 for a certificate of public convenience and necessity to construct a water mainline extension near Summersville in Nicholas County, and for approval of financing. (See, April 15, 2009 application).

2. The Notice of Filing was published on April 23, 2009, in *The Nicholas Chronicle*. Numerous timely protests, including some on formal complaint forms, and at least one untimely protest, are lodged in the Commission file of this case. (See, April 27, 2009 publication affidavit; Commission's file).

3. Thirteen of the Protestants to the certificate application filed letters indicating that they no longer objected to the proposed rate increase related to the project and that they wished to withdraw their protests. (See, July 1, 2009 filing).

4. The WDA will purchase a GAN from Summersville in the amount of $1,872,000. The proceeds of the GAN will be used as "bridge financing for the project until such time as the IJDC has funds available to make the grant." (See, July 20, 2009 letter).

5. The ALJ held that, in light of only two valid protests remaining from the original 16, substantial protest, within the meaning of *Code* §24-2-11, has not been filed in this case. (See, July 27, 2009 Order).

6. The project, designated as Phase II-A, which will cost an estimated $6,642,000, will extend public water service to approximately 281 new customers in the Glade Creek area. The residents in the project area do not have safe water supplies due to contamination from pre-1977 mining activities, high levels of iron and fecal coliform. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

7. The cost per customer is approximately $22,250, utilizing approximately 24 miles of pipe. Staff found no feasible alternative to the project. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

8. The project will increase operation and maintenance (O&M) expenses by approximately $17,665. The plans and specifications do not conflict with Commission rules and regulations. Since Summersville has not obtained all necessary permitting, Staff recommended granting the certificate application subject to Summersville obtaining the permits. Staff also noted that the project had not yet been bid. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

9. The project has been approved by the IJDC and all funding commitments have been filed with the Commission, including a $2,411,706 USDA loan, a $1,500,000 SCB grant, a $1,500,000 AML grant, an $858,294 USDA grant and a $372,000 IJDC grant. The USDA loan has an interest rate of 3.625% for a term of 40 years, with the first two years requiring payment of interest only and the remaining 38 years requiring a payment of $117,216, plus a 10% debt service reserve. The WDA GAN in the amount of $1,872,000, bearing interest for a period of two years, constitutes short-term financing to be converted to long-term financing after the two-year period. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

10. Summersville's existing tariff, effective August 6, 2009, increased its previous rates for customers living in the Glade Creek area by approximately 26%. The current rates did not increase for customers living in Summersville. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

11. The additional revenues generated by the rates that became effective August 6, 2009, will cover the increased O&M expenses due to the project, provide a 122.12% debt service coverage and provide a cash flow surplus of approximately $17,130, making the project financially feasible. Staff recommend approving the project. (See, Final Joint Staff Memorandum, with attachment, filed August 11, 2009).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the proposed project.

2. The proposed financing for the project should be approved.

3. The District's existing rates are sufficient, but not more than sufficient, to support the proposed project.

4. Should the scope, plans or financing for the project change, the District must obtain prior Commission approval before commencing construction. Changes in project costs do not require separate approval if those changes do not affect rates and the District submits an affidavit from a certified public accountant to this effect.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of public convenience and necessity filed with the Commission on April 15, 2009, by the City of Summersville pursuant to *West Virginia Code* §24-2-11 to construct certain extensions and other associated facilities in the Glade Creek area be, and hereby is, granted, subject to Summersville obtaining all necessary permits.

IT IS FURTHER ORDERED that the proposed financing for the project, comprised of a $2,411,706 United States Department of Agriculture loan bearing interest at a rate of 3.625% for a term of 40 years with the first two years requiring payments of interest only, a $1,500,000 Small Cities Block grant, a $1,500,000 Abandoned Mine Lands grant, an $858,294 United States Department of Agriculture grant and a $372,000 West Virginia Infrastructure and Jobs Development Council grant be, and hereby are, approved.

IT IS FURTHER ORDERED that City of Summersville be, and hereby is, authorized to enter into a Grant Anticipation Note with the West Virginia Water Development Authority for $1,872,000, bearing 3% interest for a period of two years, to be converted to long-term financing after the two-year period.

IT IS FURTHER ORDERED that, should the scope, plans or financing for the project change, the City of Summersville obtain prior Commission approval before commencing construction. Changes in project cost do not require separate approval if those changes do not affect rates and the City of Summersville submits an affidavit from a certified public accountant to this effect.

IT IS FURTHER ORDERED that the City of Summersville submit a copy of the certified tabulation of bids to the Commission, making the bids a part of the Commission's file in this case, as soon as the bids are tabulated.

IT IS FURTHER ORDERED that the City of Summersville notify the Commission when the project engineer has performed the substantial completion inspection.

IT IS FURTHER ORDERED that, if this project requires the use of Division of Highways' rights-of-way, the City of Summersville comply with all rules and regulations of the Division of Highways regarding the use of those rights-of-way.

IT IS FURTHER ORDERED that this matter be, and hereby is, removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary serve a copy of this Recommended Decision upon the Commission by hand delivery and upon all parties of record by United States Certified Mail, return receipt requested.

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

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

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

Ronnie Z. McCann
Deputy Chief Administrative Law Judge

RZM:s
090564ac.wpd

Position 5

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Town Council**

OF THE **Summersville, City of**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Water**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **Summersville, City of** *(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

ONE HUNDRED TWELVE THOUSAND FOUR HUNDRED SIXTY-SIX AND XX / 100 DOLLARS ($112,466.00)

pursuant to the provisions of **Chapter 8 Article 20 WV Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed **$ 0.00**

under the terms offered by the Government; that **Mayor**

and **Recorder** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 6 Nays 0 Absent 2

IN WITNESS WHEREOF, the **Town Council** of the **Summersville, City of** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this _____ day of _____, _____

Summersville, City of

By Robert Shafer

Robert Shafer

Title **Mayor**

(SEAL)

Attest: Marie Perry Parsons

Title City Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the **Summersville, City of**

hereby certify that the **Town Council** of such Association is composed of

6 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and

held on the 13 day of Oct., 2009 ; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of _____,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 12 day of Nov, 2009

Marie Perry Parsons

Title City Recorder

Position 5

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Town Council**

OF THE **Summersville, City of**

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS **Water**

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the **Summersville, City of** *(Public Body)*

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO MILLION TWO HUNDRED NINETY-NINE THOUSAND TWO HUNDRED FORTY AND XX / 100 DOLLARS ($2,299,240.00)

pursuant to the provisions of **Chapter 8 Article 20 WV Code** ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning. financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed **$ 858,294.00**

under the terms offered by the Government; that **Mayor**

and **Recorder** of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas six (6) Nays zero (0) Absent two (2)

IN WITNESS WHEREOF, the **Town Council** of the **Summersville, City of** has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 14 day of July, 2008

Summersville, City of

By Robert T Shafer
Robert Shafer

Title **Mayor**

(SEAL)

Attest: Marie Perry Parsons

Title Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Summersville, City of hereby certify that the Town Council of such Association is composed of 6 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and held on the 14 day of July, 2008; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of November 12, 2009, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 12 day of November 2009

Title Recorder

Position 5

RUS BULLETIN 1780-27
(Automated 8-97

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE Town Council

OF THE Summersville, City of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Water FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO

WHEREAS, it is necessary for the Summersville, City of (Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO MILLION TWO HUNDRED NINETY-NINE THOUSAND TWO HUNDRED FORTY AND XX / 100 DOLLARS ($2,299,240.00)

pursuant to the provisions of Chapter 8 Article 20 WV Code ; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of $10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed $ 858,294.00

under the terms offered by the Government; that Mayor

and Recorder of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas six (6) Nays zero (0) Absent two (2)

IN WITNESS WHEREOF, the Town Council of the Summersville, City of has duly adopted this resolution and caused it to be executed by the officers below in duplicate on this 14 day of July, 2008

Summersville, City of

By Robert T Shafer

Robert Shafer

Title Mayor

(SEAL)

Attest:

Marie Perry Parsons

Title Recorder

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Recorder of the Summersville, City of hereby certify that the Town Council of such Association is composed of 6 members, of whom 4 constituting a quorum, were present at a meeting thereof duly called and held on the 14 day of July, 2008; and that the foregoing resolution was adopted at such meeting by the vote shown above, I further certify that as of November 12, 2009, the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been rescinded or amended in any way.

Dated, this 12 day of November 2009

Marie Perry Parsons

Title Recorder

United States Department of Agriculture
Rural Development
West Virginia State Office

November 12, 2009

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture) (the "Series 2009 A Bonds"), in the original aggregate principal amount of $2,299,240 and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture) (the "Series 2009 B Bonds"), in the original aggregate principal amount of $112,466 (collectively, the "Series 2009 Bonds"), by the Town of Summersville (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Series 2009 Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Prior Bonds"); (ii) waives any requirements imposed by the Prior Bonds or the ordinances authorizing the Prior Bonds (the "Prior Ordinances"), regarding the issuance of parity bonds; and (iii) consents to any amendments, if any, made to the Prior Ordinances by the Ordinance.

State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: 304.284.4860 • 1.800.295.8228 • Fax: 304.284.4893 • TTY/TDD: 304.284.4836 • Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

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WEST VIRGINIA
Water Development Authority
Celebrating 35 Years of Service 1974 - 2009

November 12, 2009

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Smith, Cochran and Hicks, P.L.L.C., the independent certified public accountant and an opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A, in the original aggregate principal amount of $2,299,240 and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B, in the original aggregate principal amount of $112,466 (collectively, the "Series 2009 Bonds"), by the Town of Summersville (the "Issuer"), under the terms of the ordinance authorizing the Series 2009 Bonds, on a parity with the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); and (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); and senior and prior to the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (hereinafter collectively called the "Prior Bonds").

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

The Authority, as registered owner of the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (the "Prior Notes"), hereby consents to the issuance of the Series 2009 Bonds without prepayment of the Prior Notes.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

10.07.09
878730.00007

CH5133444.1

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

RECEIPT FOR BOND

The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 12th day of November, 2009, at Summersville, West Virginia, the undersigned received for the Purchaser the single, fully registered Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, in the principal amount of $2,299,240, dated the date hereof, bearing interest at the rate of 3.375% per annum, payable in monthly installments of $8,967 and the single fully registered Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture), No. BR-1, in the principal amount of $112,466 dated the date hereof, bearing interest at the rate of 3.375% per annum, payable in monthly installments of $439 (collectively, the "Bonds"). The Bonds represent the entire above-captioned Bond issues.

2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Town of Summersville (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $45,143.72, being a portion of the principal amount of the Series 2009 A Bonds. The balance of the principal amount of the Series 2009 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

4. At the time of such receipt, there was paid to the Issuer the sum of $112,466.00, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

WITNESS my signature on date first written above.

Authorized Representative

10.06.09
878730.00007

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,299,240

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	November 12, 2009	United States Department of Agriculture	Marie Perry Parsons

10.06.09
878730.00007

8A

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$112,466

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
BR-1	November 12, 2009	United States Department of Agriculture	Marie Perry Parsons

10.06.09
878730.00007

8B

SPECIMEN

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$2,299,240

No. AR-1

Date: November 12, 2009

FOR VALUE RECEIVED, the TOWN OF SUMMERSVILLE (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of TWO MILLION TWO HUNDRED NINETY NINE THOUSAND TWO HUNDRED FORTY DOLLARS ($2,299,240), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $8,968, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the combined waterworks and sewerage system (the "System") of Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on

September 14, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on October 13, 2009 authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,682,265 (THE "SERIES 2007 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "SERIES 2007 B BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,661,505 (THE "SERIES 2002 A BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,388,495 (THE "SERIES 2002 B BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 6, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $639,000 (THE "SERIES 1998 A BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $790,057 (THE "SERIES 1991 A BONDS"); (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $281,848 (THE "SERIES 1990 A BONDS"); (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 4, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 1977 BONDS"); AND (9) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 B (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 12, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF 112,466 (THE "SERIES 2009 B BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS")

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,651 (THE "SERIES 1991 B BONDS"); AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,152 (THE "SERIES 1990 B BONDS" OR THE "SECOND LIEN BONDS".

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion or wetlands to produce an agricultural commodity.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the TOWN OF SUMMERSVILLE has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

TOWN OF SUMMERSVILLE

[CORPORATE SEAL]

Mayor

ATTEST:

Recorder

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $45,143.72	11/12/09	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

SPECIMEN

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$112,466

No. BR-1

Date: November 12, 2009

FOR VALUE RECEIVED, the TOWN OF SUMMERSVILLE (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE HUNDRED TWELVE THOUSAND FOUR HUNDRED SIXTY SIX DOLLARS ($112,466), plus interest on the unpaid principal balance at the rate of 3.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first twenty-four months after the date hereof, and $439, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly

or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of additions, betterments and improvements to the combined waterworks and sewerage system (the "System") of Borrower, is payable solely from and secured by the revenues to be derived from the operation of the System. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation, nor shall the Borrower be obligated to pay the same or the interest thereon except from the special fund so provided.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Ordinance, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (herein called the "Act"), and an Ordinance of Borrower duly enacted on September 14, 2009, as supplemented by Supplemental Resolution duly adopted by the Issuer on October 13, 2009 authorizing issuance of this Bond (collectively, the "Ordinance").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act of 1965, as amended. This Bond shall be subject to the present regulations of the Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,682,265 (THE "SERIES 2007 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "SERIES 2007 B BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,661,505 (THE "SERIES 2002 A BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,388,495 (THE "SERIES 2002 B BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 6, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $639,000 (THE "SERIES 1998 A BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $790,057 (THE "SERIES 1991 A BONDS"); (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $281,848 (THE "SERIES 1990 A BONDS"); (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 4, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 1977 BONDS"); AND (9) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED NOVEMBER 12, 2009, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,299,240 (THE "SERIES 2009 A BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS")

THIS BOND IS ISSUED SENIOR AND PRIOR TO, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,

SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,651 (THE "SERIES 1991 B BONDS"); AND (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,152 (THE "SERIES 1990 B BONDS" OR THE "SECOND LIEN BONDS".

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

In accordance with the requirements of the United States Department of Agriculture, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or the conversion or wetlands to produce an agricultural commodity.

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IN WITNESS WHEREOF, the TOWN OF SUMMERSVILLE has caused this Bond to be executed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the date hereinabove written.

TOWN OF SUMMERSVILLE

[CORPORATE SEAL]

Mayor

ATTEST:

Recorder

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $112,466.00	11/12/09	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

November 12, 2009

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A
(United States Department of Agriculture)

Town of Summersville
Summersville, West Virginia

United States Department of Agriculture
Beckley, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Summersville, in Nicholas County, West Virginia (the "Issuer"), of its $2,299,240 Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A, dated the date hereof (the "Bond"), pursuant to Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a bond ordinance of the Issuer duly enacted on September 14, 2009 as supplemented by Supplemental Resolution duly adopted on October 13, 2009 (collectively the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bond, pursuant to the provisions of the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid first lien on the pledge of Net Revenues of the System on a parity with the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated

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May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds"); and (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture), dated November 12, 2009, issued in the original aggregate principal amount of $112,466 (the "Series 2009 B Bonds"), issued concurrently herewith, (collectively, the "First Lien Bonds") and senior and prior to the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds".

4. The Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

10.06.09
878730.00007

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
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www.steptoe-johnson.com

Writer's Contact Information

November 12, 2009

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

Town of Summersville
Summersville, West Virginia

United States Department of Agriculture
Beckley, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Summersville, in Nicholas County, West Virginia (the "Issuer"), of its $112,466 Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B, dated the date hereof (the "Bond"), pursuant to Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and a bond ordinance of the Issuer duly enacted on September 14, 2009 as supplemented by Supplemental Resolution duly adopted on October 13, 2009 (collectively the "Bond Legislation"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Bond Legislation and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is duly created and validly existing as a municipal corporation and political subdivision of the State of West Virginia with full power and authority to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bond, pursuant to the provisions of the Act and other applicable provisions of law.

2. The Bond Legislation has been duly adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

10B

3. Pursuant to the Act, the Bond Legislation creates a valid first lien on the pledge of Net Revenues of the System on a parity with the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds"); and (9) Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture), dated November 12, 2009, issued in the original aggregate principal amount of $2,299,240 (the "Series 2009 A Bonds"), issued concurrently herewith, (collectively, the "First Lien Bonds") and senior and prior to the Issuer's: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds".

4. The Bond has been duly authorized, executed and delivered by the Issuer and is a valid and binding special obligation of the Issuer, payable solely from the sources provided therefor in the Bond Legislation.

5. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

10.06.09
878730.00007

LAW OFFICE OF
GREGORY A. TUCKER, P.L.L.C.
719 MAIN STREET
SUMMERSVILLE, WEST VIRGINIA 26651

GREGORY A. TUCKER

TELEPHONE: (304) 872-2500
FAX: (304) 872-1188

November 12, 2009

City of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

City of Summersville
Summersville, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

I am counsel to the City of Summersville, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"). As such counsel, I have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond ordinance of the Issuer duly enacted on September 14, 2009 as supplemented by Supplemental Resolution duly adopted by the Issuer on October 13, 2009 (collectively, the "Bond Legislation"), and other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"). Terms used in the Bond Legislation and not otherwise defined herein shall have the same meanings as in the Bond Legislation when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a municipal corporation and a political subdivision of the State of West Virginia.

2. The Mayor, Recorder and members of the Council of the Issuer have been duly, lawfully and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Bond Legislation, 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, document or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, all requisite orders, certificates, consents and approvals from the Public Service Commission of West Virginia, and the Issuer has duly 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 which has expired prior to the date hereof without appeal.

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 Bonds and the Bond Legislation, the acquisition and construction of the Project, the operation of the System, or the validity of the Bonds, or the collection or pledge of the Net Revenues therefor.

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

Respectfully,

Gregory A. Tucker

GAT:bh

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BOND
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS OF WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and RECORDER of the Town of Summersville, in Nicholas County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, acting for the Issuer and in its name, hereby state and certify this 12th day of November, 2009 in connection with the Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture), No. AR-1, fully registered, dated the date hereof, in the principal amount of $2,299,240, and bearing interest at the rate of 3.375% per annum (the "Series 2009 A Bonds") and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture), No. BR-1, fully registered, dated the date hereof, in the principal amount of $112,466, and bearing interest at the rate of 3.375% per annum (the "Series 2009 B Bonds") (collectively, the "Series 2009 Bonds" or the "Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BOND: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions from the Purchaser, as amended, and as appears in Section 7.03 of the Bond Ordinance duly enacted on the 14th day of September, 2009 as supplemented by Supplemental Resolution duly adopted on October 13, 2009, authorizing issuance of the Bonds (collectively the "Ordinance" or "Bond Ordinance"). Terms used herein and not otherwise defined herein shall have the same meaning as

defined in the Bond Ordinance when used herein. The Bonds are being issued on this date to permanently finance a portion of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds or receipt of any grant moneys committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bond; nor in any way questioning or affecting the validity of the grants committed for the System or the Bond, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys or security therefor; nor questioning the existence, powers or proceedings of the Issuer or the Council of the Issuer (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the waterworks system of the Issuer (the waterworks, as improved and expanded by the Project, as defined in the Ordinance, is herein called the "System") or the acquisition and construction of the Project being financed in part out of the proceeds of sale of the Bond; nor questioning the rates and charges provided for services of the System.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect, the time for appeal of which or rehearing having expired. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

The Issuer has the following outstanding obligations: (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks

and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); and (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds") (collectively, the "First Lien Bonds"); and (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

The Series 2009 Bonds shall be issued on a parity with the First Lien Bonds. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2009 Bonds on a parity with the First Lien Bonds; (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2009 Bonds senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES, ETC.: The undersigned Mayor and Recorder did, for the Issuer on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

6. 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, supplemented or changed in any way unless modification appears from later documents also listed below.

Town Charter

Oaths of Office of Officers and Council members

Bond Ordinance

Sewer Rate Ordinance & Water Rate Ordinance

Affidavit of Publication on Rate Ordinances

Minutes on Adoption and Enactment of Rate Ordinances

Affidavit of Publication on Bond Ordinance

Minutes on Adoption and Enactment of Bond Ordinance

United Sates Department of Agriculture of Conditions and all amendments thereto

Public Service Commission Order

Evidence of Abandoned Mine Lands Grant

Evidence of Small Cities Block Grant

West Virginia Infrastructure & Jobs Development Council Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Town of Summersville" and it is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State. The governing body of the Issuer is its Council presently consisting of 7 council members and a Mayor and Recorder, all duly elected, qualified and serving, 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
Robert L. Shafer, Mayor	July 1, 2007	June 30, 2011
Marie Perry Parsons, Recorder	July 1, 2007	June 30, 2011
Josephine Heater	July 1, 2007	June 30, 2011
Kenneth Baker	July 1, 2007	June 30, 2011
Mike Steadham	July 1, 2007	June 30, 2011
Joe Rapp	July 1, 2007	June 30, 2011
H. Stephen Boone	July 1, 2007	June 30, 2011
Jeff Asbury	July 1, 2007	June 30, 2011
Dr. John Lackey	July 1, 2007	June 30, 2011

The duly appointed and acting Counsel to the Issuer is Gregory A. Tucker, P.L.L.C., of Summersville, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2009 Bonds were delivered to the Purchaser at Summersville, West Virginia, by the undersigned Mayor for the purposes herein set forth, and at the time of such delivery, the Series 2009

Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Ordinance.

At the time of delivery of the Series 2009 A Bond, the amount of $45,143.72 was received by the undersigned Mayor, being a portion of the principal amount of the Series 2009 A Bonds, the balance to be paid as acquisition and construction of the Project progresses.

The Series 2009 A Bonds are dated the date hereof and interest on advances thereon at the rate of 3.375% per annum is payable from the date of each respective advance.

The Series 2009 A Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

At the time of delivery of the Series 2009 B Bond, the amount of $112,466.00 was received by the undersigned Mayor, being a portion of the principal amount of the Series 2009 B Bonds, the balance to be paid as acquisition and construction of the Project progresses.

The Series 2009 B Bonds are dated the date hereof and interest on advances thereon at the rate of 3.375% per annum is payable from the date of each respective advance.

The Series 2009 B Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

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

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

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk

insurance where applicable, in accordance with the Letter of Conditions and Commitment of the Purchaser, as amended, and the Bond Ordinance. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code.

12. CONNECTIONS, ETC.: The Issuer will serve at least 1,800 bona fide full time users of the System, upon completion of the Project, in full compliance with the requirements of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by the Purchaser.

14. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Ordinance. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

15. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

16. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official corporate seal of the TOWN OF SUMMERSVILLE on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to Issuer

10.06.09
878730.00007

WITNESS our signatures and the official corporate seal of the TOWN OF SUMMERSVILLE on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Recorder
_____	Counsel to Issuer

10.06.09
878730.00007

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

I, Edward L. Shutt, Registered Professional Engineer, West Virginia License No. 7314, of Stafford Consultants, Inc., Princeton, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of improvements and extensions to the water portion of the existing combined waterworks and sewerage system (the "Project") of the Town of Summersville (the "Issuer"), to be acquired and constructed in Nicholas County, West Virginia, which acquisition and construction are being financed in part by the above-captioned revenue bond of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that such system and Project are situate wholly or chiefly within the service territory of the Issuer.

I further certify that the Project is adequate for the purposes for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 12th day of November, 2009.

(SEAL)

EDWARD L. SHUTT
REGISTERED
7314
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

STAFFORD CONSULTANTS, INC.

Edward L. Shutt, P.E.
West Virginia License No. 7314

10.07.09
878730.00007

City of Summersville
Glade Creek Water Phase IIA Project
Schedule B FINAL October 2009
Preliminary Cost of Project, Sources of Funds, and Cost of Financing

A. Cost of Project	*Total*	*SCBG*	*AML*	*RUS*	*IJDC Grant*
1. Construction Costs	5,513,583.00	1,314,420.47	1,285,138.20	2,578,864.33	335,160.00
C#1Low Glade Ck/Armstrong/Tanglewood	632,156.00			632,156.00	
C#2 Maria Estates	882,739.00			882,739.00	
C#3A Phillips Run/Old Muddlety Non AML	902,966.00	457,661.67		445,304.33	
C#3A Phillips Run/Old Muddlety AML	1,883,897.00	753,558.80	1,130,338.20	0.00	
C#3B Water Storage Tank AML	258,000.00	103,200.00	154,800.00	0.00	
C#5A McMillion Creek	663,825.00			461,165.00	202,660.00
Construction Contingency (5%)	265,000.00			132,500.00	132,500.00
Equipment	25,000.00			25,000.00	
2. Technical Services	426,640.00	120,000.00	0.00	269,800.00	36,840.00
a. Engineering Preliminary Design	55,470.00	55,470.00		0.00	
b. Engineering Final Design	36,500.00	36,500.00		0.00	
c. Bidding	55,470.00	5,475.00		49,995.00	
d. Construction Administration	34,720.00			34,720.00	
e. Special Services	26,000.00	22,555.00		3,445.00	
1. Soils Investigation	*7,000.00*	*6,055.00*		*945.00*	
2. Property Surveys	*8,500.00*	*8,500.00*			
3. Easement Maps	*8,000.00*	*8,000.00*			
4. Record Drawings	*2,500.00*			*2,500.00*	
f. Inspection	181,640.00			181,640.00	
g. C#5A -Deduct Engineering Services	36,840.00				36,840.00
3. Legal and Fiscal	50,500.00	10,500.00	0.00	40,000.00	0.00
a. Attorneys Fees (Easements, PSC, etc	40,000.00			40,000.00	
b. Accountant (Rule 42)	10,500.00	10,500.00			
4. Administration	51,000.00	51,000.00	0.00	0.00	0.00
a. Region 4 PDC	50,000.00	50,000.00			
b. Tap Fees- 10 @ $100	1,000.00	1,000.00			
5. Sites and Other Lands	92,800.00	0.00	0.00	92,800.00	0.00
a. Tank Site	60,000.00			60,000.00	
b. Tank Site Surveying/Power	7,800.00			7,800.00	
C. Land Acquisition/Condemnation	25,000.00			25,000.00	
6. Other Costs	148,579.53	4,079.53	0.00	144,500.00	0.00
a. Legal Ads	2,379.53	2,379.53			
b. Permits - Health Dept.	300.00	300.00			
c. Permits - NPDES	2,900.00	1,400.00		1,500.00	
d. DOH inspection fees	40,500.00			40,500.00	
e. Interest	87,500.00			87,500.00	
f. Interim Financing	15,000.00			15,000.00	
7. Contingency	122,035.67			122,035.67	0.00
8. Total of Lines 1 through 7	6,405,138.20	1,500,000.00	1,285,138.20	3,248,000.00	372,000.00
B. Cost of Financing					
9. Bond Counsel	22,000.00			22,000.00	
10. Registrar Fee	0.00				
11. Total Project Cost (Total Lines 8, 9 and 10	6,427,138.20	1,500,000.00	1,285,138.20	3,270,000.00	372,000.00
C. Sources of Funds					
12. Small Cities CDBG	1,500,000.00				
13. AML Grant	1,285,138.20				
14. USDA RUS Grant	858,294.00				
15. USDA RUS Loan	2,299,240.00				
16. USDA RUS Farm Bill Loan	112,466.00				
17. IJDC Grant	372,000.00				
18. Total Grants	4,015,432.20				
19. Size of Bond Issues	2,411,706.00				

Governmental Agency
11/4/09
Date

Consulting Engineer
11/2/09
Date

Compiled by: Region 4 PDC
11/2/2009

Smith, Cochran & Hicks, P.L.L.C.
Certified Public Accountants Oak Hill Charleston Montgomery
405 Capitol Street • Suite 908 • Charleston, WV 25301 • 304-345-1151 • Fax 304-346-6731

November 12, 2009

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

Town of Summersville
Summersville, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of the Town of Summersville (the "Issuer") enacted January 2, 2002, and the water rate ordinance of the Issuer enacted June 22, 2009, and the projected operating expenses and anticipated customer usage as furnished to us by Stafford Consultants, Inc., the Consulting Engineer to the Issuer, it is our opinion that such rates and charges will be sufficient to provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 115% of the annual debt service on the Prior Bonds, as defined in the Bond Ordinance, the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (United States Department of Agriculture) (the "Series 2009 A Bonds") and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture) (the "Series 2009 B Bonds") (collectively, the "Series 2009 Bonds"), and sufficient to make the payments into the (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of

$2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); and (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds") (collectively, the "First Lien Bonds") and (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds."

It is our further opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2009 Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2009 Bonds, and (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the 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 the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Smith Cochran & Hicks

SMITH, COCHRAN & HICKS, P.L.L.C.

SCH

AN ACT

(Chap. 184.) To incorporate the town of Summersville in the County of Nicholas.

PASSED MARCH 20th, 1860.

1. Be it enacted by the General Assembly that the town of Summersville in the County of Nicholas shall be and the same is hereby made a town corporate by the name of the town of Summersville; and by that name shall have and exercise the powers conferred upon towns by and be subject to the provisions of, the fifty fourth Chapter of the Code of Virgini so far as the provisions of said Chapter are not in conflict with the provisions of this act.

2. The boundary of said town shall be as follows: viz, Including all of the lots heretofore laid off in said town and to include the Methodist Church South and running from J. A. Alderson's office up to the turnpike road and including said road to a lot of four acres of land owned by Levesey and with his line to James A. Remley's lot and with Remley's line to include his lot and from the lower corner of same a straight line to the Kentucky road, and with the said road to the turnpike road, and with same to the lot given by Austin Groves for a School House and Temperance Hall, and the running to include said lot and V. Levesay's lot of one acre, and thence down said turnpike road to Eagle's Shop.

3. The officers of said town shall consist of a Mayor, five Councilmen and a Sergeant who shall have the powers and perform the duties of a Constable within the limits of said corporation who shall be elected by the white male inhabitants of the said town of the age of twenty one years, and upwards, who shall have been residents thereof twelve months and of the State two years preceding the election. The said election shall take place on the second Saturday

in April annually and the Mayor and Councilmen shall continue in authority until the second Saturday in April in each successive year and until others shall be qualified in their stead and no longer. The Mayor of said town shall be and is hereby constituted "ex officio" justice of the peace within the limits of the said town.

4. V. Levisay, James A. Remley, N. A. Patterson, J. W. Switzer and V. B. Hammon are hereby authorized to hold an election agreeably to the charter aforesaid, for said officers on the second Saturday in April next at Nicholas Court House, any three of whom may act and should they fail to hold an election on that day it shall be their duty to appoint a day and give ten days notice.

5. The fifty fourth Chapter of the Code of Virginia shall be held and deemed a part of this Act so far as the provisions of said Chapter are not in conflict with the provisions of this Act.

6. This Act shall be in force from its passage and shall at all times be subject to alteration or appeal at the pleasure of the General Assembly.

The above is a true copy of an act of the General Assembly of the Commonwealth of Virginia for the session of 1859/60, entitled AN ACT to incorporate the town of Summersville in the County of Nicholas, passed March 20th, 1860.

CLERK OF THE HOUSE OF DELEGATES AND
KEEPER OF THE ROLL OF THE STATE.

Richmond, Virginia.
March 28, 1949.

Council Meeting
February 16, 1987
Continued

Councilman Vines moved and Councilman Joo seconded the motion to introduce on first reading the ordiance pertaining to the term of office of elected City officials. Motion passed with 7 yeas, 2 absent. Second reading will be on February 23, 1987.

TOWN OF SUMMERSVILLE

Be it ordained that the Town Council of the Town of Summersville proposed a Charter Amendment to change the terms of Office of Mayor, Recorder and Council from two (2) years to four (4) years. The proposed ordinance to amend the town charter will be presented to all qualified voters at the next regularly seheduled municipal election to be held on June 9, 1987 from 6:30 am to 7:30 pm. The proposed ordinance to amend the town charter is set forth as follows:

ELECTED OFFICIALS, TERMS OF OFFICE, ELECTIONS.

1) OFFICIALS, TERMS OF OFFICE.

A. Mayor- The Mayor shall be a resident of the Town of Summersville and a registered voter. The office shall be elected by the duly qualified voters of the Town of Summersville. The term of office shall be for a period of four (4) years, after which time the office holder may be re-elected with no limitation of terms of office. The Mayor shall be the administrative authority of the town. There shall be no limitations as to outside employment placed upon the position of Mayor.

Officers and employees shall be appointed by the Mayor or by the order of the Mayor in accordance with Chapter 8 of the West Virginia Code of 1931 as amended. If at any time the Mayor should become a non-resident of the Town of Summersville, He shall immediately resign his Office.

B) Recorder-Must be a resident of the Town of Summersville. The office will consist of a term of four (4) years, after which time the office holder may be re-elected with no limitation of terms of office. Must be a registered voter. If at any time he becomes a non-resident of the Town of Summersville, he shall immediately resign his office. There shall be no limitation as to outside employment placed upon the position of recorder.'

C) Council- Council shall be the legislative body of the town and shall vote, along with the Mayor and Recorder of the town on all ordinances, propositions, resolutions or measures. The Mayor shall be the presiding officer at all meetings and in his absence, the recorder shall preside. In the absence of both the Mayor and Recorder, one of the members of council selected by the majority of council

members present shall preside. A majority of all the members of council shall be a quorum for the purpose of conducting town business. No member of the legislative body shall vote upon any ordinance, measure, resolution or proposition in which he may be interested in other than as a citizen of the Town of Summersville. Councilpersons must be a resident of the ward for which the office is being sought at the time of election. The office will consist of a term of four (4) years, after which the office holder may be re-elected with no limitation of terms of office. Councilpersons must be registered voters and if, at any time, become a non-resident of the ward from which elected, they shall resign immediately.

The number of members making up council shall be set by ordinance after each national census.

2) Election- Municipal elections shall be held on the second Tuesday of June beginning on June 9, 1987, and every four (4) years there after. All other matters pertaining to elections shall be set from time to time by ordinance in accordance with the West Virginia Code of 1931 as amended.

The officials running for the offices to be filled in the June 9, 1987 municipal election shall be elected in accordance with the provisions of these proposed amendments if approved by a majority of the qualified votes cast in said election and upon declaration of results and entering of said results in council minutes. The ordinance shall be operative upon passage.

First reading-February 16, 1987

Motion Made by Councilman Tom Vines

Seconded by Councilman Don Joo

Vote 7 Yeas - 2 Absent

Second reading& passage on February 23, 1987

Motion made by Councilman Don Joo

Seconded by Councilwoman Jo Heater

Vote 8 Yeas - 1 Absent

Attested by Recorder

S Gale McClung

Mayor

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, ROBERT L. SHAFER, duly elected Mayor, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Mayor of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

ROBERT L. SHAFER

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, MARIE PERRY PARSONS, duly elected Recorder, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Recorder of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

Marie Perry Parsons
MARIE PERRY PARSONS

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, JOSEPHINE D. HEATER, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

Josephine Heater
JOSEPHINE D. HEATER

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, H. STEPHEN BOONE, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

H. STEPHEN BOONE

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, KENNETH BAKER, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

Kenneth Baker
KENNETH BAKER

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, JEFF ASBURY, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

JEFF ASBURY

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, DR. JOHN LACKEY, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

DR. JOHN LACKEY

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, JOE RAPP, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

Joe Rapp
JOE RAPP

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Gary L. Johnson
Circuit Judge

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

OATH OF OFFICE

CITY OF SUMMERSVILLE:

I, **MIKE STEADHAM**, duly elected Council Member, do solemnly swear or affirm that I will uphold the Constitution of the United States and Constitution of the State of West Virginia, and the Municipal Charter of the City of Summersville and that I will faithfully and impartially discharge the duties of the office of Council Member of the City of Summersville, to the best of my skill and judgment, so long as I shall continue to act as such, SO HELP ME GOD.

Mike Steadham
MIKE STEADHAM

Subscribed and sworn to before me, in said County and State, this the 29TH day of June, 2007.

Gary L. Johnson
Gary L. Johnson
Circuit Judge

TOWN OF SUMMERSVILLE

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the Town of Summersville does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the Recorder at the front door or bulletin board of the Town Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the Recorder not less than 3 business days before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the Recorder at the front door or bulletin board of the Town Hall not less than two business days before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 23rd day of February, 2009.

Mayor

Recorder

CITY OF SUMMERSVILLE

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF SUMMERSVILLE.

THE COUNCIL OF THE CITY OF SUMMERSVILLE HEREBY ORDAINS: The following rules, rates and charges are hereby fixed, determined and established for municipal water services provided to all general domestic, commercial, and industrial users of the City of Summersville's Municipal Water System, commencing upon the effective date as hereinafter provided, and in accordance with the following Rates and Schedules:

SECTION 1 – WATER RATES AND CHARGES

RULES AND REGULATIONS

I. *Rules and Regulations for the Government of Water Utilities*, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial.

RATES

A. GLADE CREEK AREA

First	2,000	gallons used per month	$12.40 per 1,000 gallons
All Over	2,000	gallons used per month	$12.40 per 1,000 gallons

B. SUMMERSVILLE AREA

First	2,000	gallons used per month	$9.41	per 1,000 gallons
Next	5,000	gallons used per month	$5.54	per 1,000 gallons
Next	25,000	gallons used per month	$4.98	per 1,000 gallons
Next	70,000	gallons used per month	$4.43	per 1,000 gallons
Next	75,000	gallons used per month	$3.30	per 1,000 gallons
All Over	177,000	gallons used per month	$3.30	per 1,000 gallons

MINIMUM CHARGE

A. GLADE CREEK AREA

Based on 2,000 gallons:

5/8	inch meter	–	$24.80	per month
1	inch meter	–	$62.00	per month
1 1/2	inch meter	–	$124.00	per month
2	inch meter	–	$198.40	per month
3	inch meter	–	$372.00	per month
4	inch meter	–	$620.00	per month
6	inch meter	–	$1,240.00	per month
8	inch meter	–	$1,984.00	per month
10	inch meter	–	$3,174.40	per month
12	inch meter	–	$5,332.00	per month

B. SUMMERSVILLE AREA

Based on 2,000 gallons:

5/8	inch meter	–	$18.81	per month
1	inch meter	–	$47.03	per month
1 1/2	inch meter	–	$94.07	per month
2	inch meter	–	$150.50	per month
3	inch meter	–	$282.20	per month
4	inch meter	–	$470.25	per month
6	inch meter	–	$940.50	per month
8	inch meter	–	$1,504.80	per month
10	inch meter	–	$2,407.68	per month
12	inch meter	–	$4,044.15	per month

CONNECTION CHARGE

A three-hundred dollar ($300.00) tap fee will be charged for any new customers requesting service that have a meter of 5/8" in size. Meters 1" or larger will be charged three-hundred dollars ($300.00) or actual cost, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full within 20 days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

RETURNED CHECK CHARGE

A charge of fifteen dollars ($15.00) will be applied for any check returned for non-payment.

DISCONNECTION FOR NON-PAYMENT

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

DISCONNECTIONS AND RECONNECTIONS

Whenever water service has been disconnected for non-payment of water bills, a disconnection fee of twenty-five dollars ($25.00) shall be charged; or in the event the delinquent water bill is collected by the City of Summersville in the field, an administrative fee of twenty-five dollars ($25.00) shall be charged. A twenty-five dollar ($25.00) reconnection fee will be assessed for each occurrence where water service is restored after water service has been terminated for non-payment of water bills.

SECURITY DEPOSIT

A minimum cash deposit of fifty dollars ($50.00) shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

FIRE HYDRANTS

A fee of three dollars ($3.00) per month per fire hydrant shall be charged by the City of Summersville for public fire protection.

A fee of three dollars ($3.00) per fire hydrant will be charged to the fire department outside City of Summersville limits that provide fire protection for that service area.

FIRE SUPPRESSION SYSTEMS

A fee of three dollars ($3.00) per month shall be charged to customers for private non-metered fire suppression service.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be fifty-six cents ($0.56) per 1,000 gallons.

SECTION 2 – EFFECTIVE DATE

The rates, charges and penalties provided herein shall become effective forty-five (45) days after enactment, or as soon thereafter as the same may be approved by the Public Service Commission of West Virginia.

SECTION 3 – SEVERABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, and if any clause, provision or section hereof shall be held void or unenforceable by the Public Service Commission of West Virginia or any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date hereof, all ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed, and to the extent that the provisions of this Ordinance do not touch upon the provisions of prior ordinances, resolutions, orders or parts thereof, the same shall remain in full force and effect.

SECTION 4 – STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the City Recorder shall cause to be published a copy of this Ordinance in the *Nicholas Chronicle*, a qualified newspaper of general circulation in the City of Summersville, and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before the City Council on Monday, June 22, 2009, at 7:00 p.m., which date is not less than five (5) days after the date of the publication of the Ordinance and notice, and present any comment or protest thereto, following which hearing, Council shall take such action as it shall deem proper. Copies of this Ordinance shall be available to the public for inspection at the office of the City Recorder, City of Summersville, Summersville, West Virginia.

First Reading: June 8, 2009

Second Reading
and Public Hearing: June 22, 2009

CITY OF SUMMERSVILLE, a municipal corporation

Mayor: Robert T. Shaffer

Recorder: Marie Perry Parsons

06.08.09
878730.00007

Water and Sewer Rate Ordinance

CITY OF SUMMERSVILLE

AN ORDINANCE ESTABLISHING AND FIXING AN INITIAL SCHEDULE AND A FINAL SCHEDULE OF WATER RATES, A SCHEDULE OF SEWER RATES, LEAK ADJUSTMENT RATES, DELAYED PAYMENT PENALTIES, CONNECTION CHARGES RECONNECTION CHARGES AND OTHER CHARGES FOR SERVICE TO CUSTOMERS OF THE CITY OF SUMMERSVILLE

THE CITY COUNCIL OF THE CITY OF SUMMERSVILLE HEREBY ORDAINS: The following schedules of initial water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; final water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges; sewer rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges are hereby fixed and determined as the water rates, sewer rates, delayed payment penalties, connection charges, reconnection charges, leak adjustment rates and other charges to be charged to customers of the City of Summersville throughout the territory served:

SECTION 1. INITIAL SCHEDULE OF WATER RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

A. GLADE CREEK AREA

$8.10 per 1,000 gallons

B. SUMMERSVILLE AREA

First 2,000 gallons per month at $7.75 per 1,000 gallons
Next 5,000 gallons per month at $4.56 per 1,000 gallons
Next 25,000 gallons per month at $4.10 per 1,000 gallons
Next 70,000 gallons per month at $3.65 per 1,000 gallons
Next 75,000 gallons per month at $2.72 per 1,000 gallons
Next 177,000 gallons per month at $2.72 per 1,000 gallons

MINIMUM CHARGE

A. GLADE CREEK AREA

Based on 2,000 Gallons

5/8 inch meter	$16.20 per month
2 inch meter	$129.60 per month

B. SUMMERSVILLE AREA

Based on 2,000 Gallons

5/8 inch meter	$15.50 per month
1 inch meter	$38.76 per month
1 ½ inch meter	$77.52 per month
2 inch meter	$124.03 per month
3 inch meter	$232.56 per month

CONNECTION CHARGE

A $300.00 tap fee will be charged for any new customers requesting service that have a meter of 5/8" in size. Meters 1" or larger will be charged $300.00 or actual cost, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full within 20 days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

DISCONNECT FOR NON-PAYMENT

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

DISCONNECTIONS AND RECONNECTIONS

Disconnection and reconnection charge of delinquent accounts shall be $15.00 payable in advance, or at such time the service is restored. Service shall not be discontinued until after at least twenty-four hours written notice to the customer.

SECURITY DEPOSIT

A minimum cash deposit of $25.00 shall be required for each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

FIRE HYDRANTS

A fee of $3.00 per month per fire hydrant shall be charged to the City for public fire protection.

A fee of $3.00 per fire hydrant will be charged to the fire department outside City limits that provide fire protection for that service area.

FIRE SUPPRESSION SYSTEMS

A fee of $3.00 per month shall be charged to customers for private non-metered fire suppression service.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be forty nine cents (49¢) per 1,000 gallons.

EFFECTIVE DATE

The water rates, delayed payment penalty, connection charge, reconnection charge leak adjustment rate and other charges provided in this Initial Schedule of Water Rates and Charges shall be effective July 1, 2002 unless otherwise ordered by the Public Service Commission.

SECTION 2. FINAL SCHEDULE OF WATER RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

A. GLADE CREEK AREA

$9.39 per 1,000 gallons

B. SUMMERSVILLE AREA

First 2,000 gallons per month at $8.98 per 1,000 gallons
Next 5,000 gallons per month at $5.29 per 1,000 gallons
Next 25,000 gallons per month at $4.75 per 1,000 gallons
Next 70,000 gallons per month at $4.23 per 1,000 gallons
Next 75,000 gallons per month at $3.15 per 1,000 gallons
Next 177,000 gallons per month at $3.15 per 1,000 gallons

MINIMUM CHARGE

A. GLADE CREEK AREA

Based on 2,000 gallons

5/8 inch meter	$18.78 per month
2 inch meter	$150.21 per month

B. SUMMERSVILLE AREA

Based on 2,000 Gallons

5/8 inch meter	$17.96 per month
1 inch meter	$44.91 per month
1 ½ inch meter	$89.82 per month
2 inch meter	$143.72 per month
3 inch meter	$269.47 per month

CONNECTION CHARGE

A $300.00 tap fee will be charged for any new customers requesting service that have a meter of 5/8" in size. Meters 1" or larger will be charged $300.00 or actual cost, whichever is greater.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid in full within 20 days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collected only once for each bill where it is appropriate.

DISCONNECT FOR NON-PAYMENT

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

DISCONNECTIONS AND RECONNECTIONS

Disconnection and reconnection charge of delinquent accounts shall be $15.00 payable in advance, or at such time the service is restored. Service shall not be discontinued until after at least twenty-four hours written notice to the customer.

SECURITY DEPOSIT

A minimum cash deposit of $25.00 shall be required for each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

FIRE HYDRANTS

A fee of $3.00 per month per fire hydrant shall be charged to the City for public fire protection.

A fee of $3.00 per fire hydrant will be charged to the fire department outside City limits that provide fire protection for that service area.

FIRE SUPPRESSION SYSTEMS

A fee of $3.00 per month shall be charged to customers for private non-metered fire suppression service.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be fifty six cents (56¢) per 1,000 gallons.

EFFECTIVE DATE

The water rates, delayed payment penalty, connection charge, reconnection charge, leak adjustment rate and other charges provided in this Final Schedule of Water Rates

and Charges shall be effective January 1, 2004, unless otherwise ordered by the Public Service Commission.

SECTION 3. FINAL SCHEDULE OF SEWER RATES

SCHEDULE I
RATES AND CHARGES

APPLICABILITY

Applicable to entire area served.

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 2,000 gallons per month at $6.28 per 1,000 gallons
Next 5,000 gallons per month at $4.72 per 1,000 gallons
Next 25,000 gallons per month at $4.33 per 1,000 gallons
Next 70,000 gallons per month at $3.92 per 1,000 gallons
Next 75,000 gallons per month at $3.70 per 1,000 gallons
Next 177,000 gallons per month at $3.70 per 1,000 gallons

MINIMUM CHARGE

Minimum charge based upon 2,000 gallons: $12.56

SEWER TAP FEES

A $300.00 tap fee will be charged to any new customers requesting service.

DELAYED PAYMENT PENALTY

The above rates are net. On all accounts not paid in full within twenty days of billing date, ten percent will be added to the net amount shown.

DISCONNECTIONS AND RECONNECTIONS

The disconnection and reconnection charge of delinquent accounts shall be $15.00 payable in advance plus at such time the service is restored. Service shall not be discontinued until after at least twenty-four hours written notice to the customer.

SECURITY DEPOSIT

A minimum cash deposit of $25.00 shall be required from each new customer to secure payment of bills. Said deposit will be refunded with interest (at a rate provided annually by the Public Service Commission) after 12 consecutive months of on time payments.

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

SCHEDULE II
SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE CITY'S SANITARY SEWER SYSTEM

Where the City has discovered that a customer's roof drain, down spouts, storm sewer or other similar facilities conducting surface water have been connected to the City's sewer system and such customer has failed to take appropriate action, within thirty (30) days of receipt of a [illegible] the City in accordance with the Rules and Regulations of the Public Service Commission [illegible] eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitory sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The City's approved rate per thousand gallons of metered water usage

The City shall not impose the surcharge unless and until the customer has been notified by [illegible] mail, return receipt requested, or by hand delivery, that it has been established by [illegible] testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has [illegible] within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

The surcharge shall be calculated and imposed for each month that said condition [illegible] exist. Failure to pay the surcharge and/or correct the situation shall give rise to [illegible] termination of water service in accordance with the Rules and Regulations of the [illegible] Commission of West Virginia.

SCHEDULE III
SURCHARGE FORMULA FOR USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual wastes will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi = SoSi$$

Ci = Charge to unusual users per year

Vo = Average unit cost of transport and treatment chargeable to volume, in dollars per gallon

Vi = Volume of waste water from unusual users, in gallons per year

Bo = Average unit cost of treatment, chargeable to Bio-chemical Oxygen Demand (BOD), in dollars per pound

Bi = Weight of BOD from unusual users, in pounds per year

So = Average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound

Si = Weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made at the expense of the user. Waste containing [illegible] which, in the judgement of the City of Summersville or its duly authorized Board or agent, [illegible]ld not be introduced into the sewer system need not be handled by it. The results of this pr[illegible]inary study will be used to determine the feasibility of the proposed sewer service and the [illegible]s therefor, based upon the formula set out above.

[illegible]after, unusual sewage will be monitored on a regular basis and at the conclusion of [illegible]cal year, based on the investigation aforesaid and audit of the City of Summer[illegible] records, new cost figures will be calculated for the use in the above formula. [illegible]stablishing the monitoring facilities shall be paid by the user. Based on the audited [illegible]ional billings covering the past fiscal year will be made for payment by each user [illegible] refund given by the City of Summersville, as the case may be. Such audited figures [illegible]en be used for the preliminary billing for the next fiscal year, at the end of which [illegible] will be made as aforesaid.

SCHEDULE IV
[illegible]R CERTAIN NON-METERED INDUSTRIAL PLANTS

Where the amount of sanitary discharged into the City of Summersville Wastewater Treatment System by certain industrial plant or plants cannot be accurately determined by the use of the plant's meter or meters, if any, a special formula will be used whereby such plant or plants will pay to the City of Summersville a sewer charge calculated at fifty (50) [illegible] of water per each employee at the plant each working day.

EFFECTIVE DATE

[illegible] sewer rates, delayed payment penalty, connection charge, reconnection charge [illegible] rate and other charges provided in this Final Schedule of Sewer Rates and [illegible] effective July 1, 2002 unless otherwise ordered by the Public Service Commission.

SEC[illegible] SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

[illegible] provisions of this Ordinance are separable, and if any clause, provision or section [illegible] be held void or unenforceable by the West Virginia Public Service Commission [illegible] court of competent jurisdiction, such holding shall not affect the remainder of this [illegible] upon the effective date hereof, all ordinances, resolutions, orders or parts thereof [illegible] with the provisions of this Ordinance are, to the extent of such conflicts, hereby [illegible] to the extent that the provisions of this Ordinance do not touch upon the provisions [illegible] ordinances, resolutions, orders or parts thereof, the same shall remain in full force.

SECTION 5. STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction and adoption at first reading hereof, the Recorder shall publish a copy of this Ordinance once a week for 2 successive weeks, with the first such publication to occur not less than 10 days before the meeting at which this Ordinance is to be finally adopted, in *The Nicholas Chronicle*, a qualified newspaper published and of general circulation in the City of Summersville, and said notice shall state the subject matter and general title of this Ordinance, that this Ordinance has been introduced and adopted, and that any person interested may appear before the Council of the City of Summersville, at the City Hall, Summersville, West Virginia, on the 28th day of January, 2002, at 6:30 p.m., which is the date, time and place of the proposed ordinance. 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. Copies of this Ordinance shall be available to the public for inspection at the office of the Recorder in the City Hall, Summersville, West Virginia.

Passed on First Reading: January 14, 2002

Passed on Second Reading
Following Public Hearing: January 28, 2002

Mayor

CH496143.1

CERTIFICATION AND NOTICE

I hereby certify that the foregoing is a true and accurate copy of an Ordinance which has been introduced and adopted on first reading at a meeting of the City Council of the City of Summersville held on January 14, 2002, pursuant to proper notice, at which meeting a quorum was present and acting throughout. Any person interested may appear before the City Council of the City of Summersville at the Municipal Building, 400 North Broad Street, Summersville, West Virginia, on the 28th day of January, 2002, at 6:30 p.m., being the date, time and place of the proposed final adoption of this Ordinance, and be heard. The Council will then take such action as it shall deem proper in the premises. The proposed ordinance may be inspected by the public at the Office of the Recorder in the City Hall, Summersville, West Virginia during regular office hours.

Michael D. Brown
Recorder

01/10/02
878730.00003

CH496143.1

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, Bank One Center, Seventh Floor, P.O. Box 1588, Charleston, WV 25326-1588; NOTICE OF PUBLIC HEARING ON CITY OF SUMMERSVILLE WATER RATE ORDINANCE appeared in said newspaper for 2 weeks, on the 31st day of October, 2002, and on the 7th day of November, 2002.

Given under my hand this 8th day of November, 2002,

By Raymond W. Corbin, News Editor.

Fee for publication:

1,436 words @ $.09 per word, $129.24 for the first publication; 75% of first publication $96.93 for all subsequent publications; for a total cost of $226.17.

The foregoing instrument was acknowledged before me this the 8th day of November, 2002.

Brenda K. Shafer

Notary Public

My commission expires March 10, 2012.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
BRENDA K. SHAFER
PO BOX 40
MT LOOKOUT WV 26678-0040
My commission expires March 10, 2012

Nicholas Chronicle

Division of Nicholas County Publishing Co., Inc.
18 BROAD ST
PO 503
SUMMERSVILLE WV 26651

Invoice

Invoice #: 00003364
Date: 2/8/02
Ship Via:
Page: 1

Bill To:

STEPTOE & JOHNSON
PO BOX 1588
CHARLESTON, WV 25326-1588

Description	Amount
LEGAL ADVERTISEMENT	
PUBLIC NOTICE OF CHANGE IN SEWER RATES OF THE CITY OF SUMMERSVILLE	
First publication 1/31/02 (2,046 words @ .7¢/word)	$143.22
Second publication 2/7/02 (75% of first publication)	$107.42

WW
CK #11322
2/21/02

RATE: 7¢ Per Word For The First Publication; All Subsequent Publications 75% Of First Publication

Your Order #:
Shipping Date:
Terms: Net 30

Total Amount:	$250.64
Amount Applied:	$0.00
Balance Due:	$250.64

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, Bank One Center, Seventh Floor, P.O. Box 1588, Charleston, WV 25326-1588; PUBLIC NOTICE OF CHANGE IN SEWER RATES OF THE CITY OF SUMMERSVILLE appeared in said newspaper for 2 weeks, on the 31st day of January, 2002; and on the 7th day of Februaty, 2002.

Given under my hand this 8th day of February, 2002,

By _____, News Editor.

Fee for publication:

2,046 words @ $.07 per word, $143.22 for the first publication; 75% of first publication $107.42 for all subsequent publications; for a total cost of $250.64.

The foregoing instrument was acknowledged before me this the 8th day of February, 2002.

_____

Notary Public

My commission expires March 10, 2002.

PUBLIC NOTICE OF CHANGE IN SEWER RATES OF THE CITY OF SUMMERSVILLE

WATER RATES

NOTICE is hereby given that the City of Summersville (the "City") on January 28, 2002, has enacted an ordinance establishing a leak adjustment rate and increasing rates and charges for providing water service to approximately 202 customers in the Glade Creek area and 1,753 customers in the City of Summersville, all in Nicholas County, West Virginia.

The new water rate ordinance is a two (2) phase increase in rates and charges. The proposed Phase I increased rates and charges will become effective on July 1, 2002, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $144,170 annually in additional revenue, an increase of 19.2%. The increased rates will be as follows:

PHASE I RATES

A. GLADE CREEK AREA
$8.10 per 1,000 gallons

B. SUMMERSVILLE AREA
First 2,000 gallons per month at $7.75 per 1,000 gallons
Next 5,000 gallons per month at $4.56 per 1,000 gallons
Next 25,000 gallons per month at $4.10 per 1,000 gallons
Next 70,000 gallons per month at $3.65 per 1,000 gallons
Next 75,000 gallons per month at $2.72 per 1,000 gallons
Next 177,000 gallons per month at $2.72 per 1,000 gallons

PHASE I MINIMUM CHARGE

A. GLADE CREEK AREA
Based on 2,000 Gallons

5/8 inch meter	$16.20 per month
2 inch meter	$129.60 per month

B. SUMMERSVILLE AREA
Based on 2,000 Gallons

5/8 inch meter	$15.50 per month
1 inch meter	$38.76 per month
1 _inch meter	$77.52 per month
2 inch meter	$124.03 per month
3 inch meter	$232.56 per month

PHASE I ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be forty nine cents (49¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

A. GLADE CREEK AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$6.07	20.0%
Commercial (120.0M gal.)		$162.00 20.0%

B. SUMMERSVILLE AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$4.48	20.0%
Commercial (120.0M gal.)		$74.18 20.0%

The proposed Phase II increased rates and charges will become effective on January 1, 2004, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $141,471 annually in additional revenue, an increase of 15.8%. The increased rates will be as follows:

PHASE II RATES

A. GLADE CREEK AREA
$9.39 per 1,000 gallons

B SUMMERSVILLE AREA
First 2,000 gallons per month at $8.98 per 1,000 gallons
Next 5,000 gallons per month at $5.29 per 1,000 gallons
Next 25,000 gallons per month at $4.75 per 1,000 gallons
Next 70,000 gallons per month at $4.23 per 1,000 gallons
Next 75,000 gallons per month at $3.15 per 1,000 gallons
Next 177,000 gallons per month at $3.15 per 1,000 gallons

PHASE II MINIMUM CHARGE

A .GLADE CREEK AREA
Based on 2,000 gallons

5/8 inch meter	$18.78 per month
2 inch meter	$150.21 per month

B. SUMMERSVILLE AREA
Based on 2,000 Gallons

5/8 inch meter	$17.96 per month
1 inch meter	$44.91 per month
1 _ inch meter	$89.82 per month
2 inch meter	$143.72 per month
3 inch meter	$269.47 per month

PHASE II ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be fifty six cents (56¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

A. GLADE CREEK AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$5.80	15.9%
Commercial (120.0M gal.)		$154.80 15.9%

B. SUMMERSVILLE AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$4.28	15.9%
Commercial (120.0M gal.)		$70.70 15.9%

SEWER RATES

NOTICE is hereby given that the City of Summersville (the "City") on January 28, 2002, has enacted an ordinance establishing a leak adjustment rate and increasing rates and charges for providing sewer service to approximately 1,452 customers in the City of Summersville, in Nicholas County, West Virginia.

The proposed increased rates and charges will become effective on July 1, 2002, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $43,462 annually in additional revenue, an increase of 7.75%. The increased rates will be as follows:

RATES

First 2,000 gallons per month at $6.28 per 1,000 gallons
Next 5,000 gallons per month at $4.72 per 1,000 gallons
Next 25,000 gallons per month at $4.33 per 1,000 gallons

CHS00640.1

Next 70,000 gallons per month at $3.92 per 1,000 gallons
Next 75,000 gallons per month at $3.70 per 1,000 gallons
Next 177,000 gallons per month at $3.70 per 1,000 gallons

MINIMUM CHARGE

Minimum charge based upon 2,000 gallons: $12.56

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$1.75	7.75%
Commercial (120.0M gal.)	$34.81	7.75%

The increases shown are based on averages of affected customers of the City. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the rates only upon the filing of a petition within 30 days of the adoption of the ordinance by:

(1) Any customer aggrieved by such rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the City; or,

(2) Any customer who is served by the City and who resides outside the corporate limits and who is affected by such rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by such rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the City. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

A copy of the proposed rates is available for public inspection at the Office of the Recorder in the City Hall, Summersville, West Virginia during regular office hours, and at the Office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

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NOTICE OF CHANGE IN SEWER RATES OF THE CITY OF SUMMERSVILLE

WATER RATES

NOTICE is hereby given that the City of Summersville (the "City") on January 28, 2002, has enacted an ordinance establishing a leak adjustment rate and increasing rates and charges for providing water service to approximately 202 customers in the Glade Creek area and 1,75[illegible] customers in the City of Summersville, all in Nicholas County, West Virginia.

The new water rate ordinance is a two (2) phase increase in rates and charges. The proposed Phase I increased rates and charges will become effective on July 1, 2002, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $144,170 annually in additional revenue, an increase of 19.2%. The increased rates will be as follows:

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A. GLADE CREEK AREA
$8.10 per 1,000 gallons

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Next 5,000 gallons per month at $4.56 per 1,000 gallons
Next 25,000 gallons per month at $4.10 per 1,000 gallons
Next 70,000 gallons per month at $3.65 per 1,000 gallons
Next 75,000 gallons per month at $2.72 per 1,000 gallons
Next 177,000 gallons per month at $2.72 per 1,000 gallons

PHASE I MINIMUM CHARGE

A. GLADE CREEK AREA
Based on 2,000 Gallons

5/8 inch meter	$16.20 per month
2 inch meter	$129.60 per month

B. SUMMERSVILLE AREA
Based on 2,000 Gallons

5/8 inch meter	$15.50 per month
1 inch meter	$38.76 per month
1 _inch meter	$77.52 per month
2 inch meter	$124.03 per month
3 inch meter	$232.56 per month

PHASE I ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be forty nine cents (49¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

A. GLADE CREEK AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	96.07	20.0%
Commercial (120.0M gal.)	$162.00	20.0%

B. SUMMERSVILLE AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$4.48	20.0%
Commercial (120.0M gal.)	$74.18	20.0%

The proposed Phase II increased rates and charges will become effective on January 1, 2004, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $141,471 annually in additional revenue, an increase of 15.6%. The increased rates will be as follows.

PHASE II RATES

A. GLADE CREEK AREA
$9.39 per 1,000 gallons

B SUMMERSVILLE AREA
First 2,000 gallons per month at $8.98 per 1,000 gallons
Next 5,000 gallons per month at $5.29 per 1,000 gallons
Next 25,000 gallons per month at $4.75 per 1,000 gallons
Next 70,000 gallons per month at $4.23 per 1,000 gallons
Next 75,000 gallons per month at $3.15 per 1,000 gallons
Next 177,000 gallons per month at $3.15 per 1,000 gallons

PHASE II MINIMUM CHARGE

A .GLADE CREEK AREA
Based on 2,000 gallons

5/8 inch meter	$18.78 per month
2 inch meter	$150.21 per month

B. SUMMERSVILLE AREA
Based on 2,000 Gallons

5/8 inch meter	$17.96 per month
1 inch meter	$44.91 per month
1 _ inch meter	$89.82 per month
2 inch meter	$143.72 per month
3 inch meter	$269.47 per month

PHASE II ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be fifty six cents (56¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

A. GLADE CREEK AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	85.80	15.9%
Commercial (120.0M gal.)	$154.80	15.9%

B. SUMMERSVILLE AREA

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	84.28	15.9%
Commercial (120.0M gal.)	$70.70	15.9%

SEWER RATES

NOTICE is hereby given that the City of Summersville (the "City") on January 28, 2002, has enacted an ordinance establishing a leak adjustment rate and increasing rates and charges for providing sewer service to approximately 1,452 customers in the City of Summersville, in Nicholas County, West Virginia.

The proposed increased rates and charges will become effective on July 1, 2002, unless otherwise ordered by the Public Service Commission (the "Commission"), and will produce approximately $43,462 annually in additional revenue, an increase of 7.75%. The increased rates will be as follows:

RATES

First 2,000 gallons per month at $6.28 per 1,000 gallons
Next 5,000 gallons per month at $4.72 per 1,000 gallons
Next 25,000 gallons per month at $4.33 per 1,000 gallons

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Next 70,000 gallons per month at $3.92 per 1,000 gallons
Next 75,000 gallons per month at $3.70 per 1,000 gallons
Next 177,000 gallons per month at $3.70 per 1,000 gallons

MINIMUM CHARGE

Minimum charge based upon 2,000 gallons: $12.56

ADJUSTMENT RATE FOR LEAKS

The adjustment rate for leaks on the customer's side of the meter shall be sixty three cents (63¢) per 1,000 gallons.

The average monthly bill for the various classes of customers will be changed as follows:

CLASS	($) INCREASE	INCREASE (%)
Residential (4.5M gal.)	$1.75	7.75%
Commercial (120.0M gal.)	$34.81	7.75%

The increases shown are based on averages of affected customers of the City. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Commission in its review of this filing. The Commission shall review and approve or modify the rates only upon the filing of a petition within 30 days of the adoption of the ordinance by:

(1) Any customer aggrieved by such rates or charges who presents to the Commission a petition signed by not less than 25% of the customers served by the City; or

(2) Any customer who is served by the City and who resides outside the corporate limits and who is affected by such rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by such rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the City. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

A copy of the proposed rates is available for public inspection at the Office of the Recorder in the City Hall, Summersville, West Virginia during regular office hours, and at the Office of the Secretary of the Public Service Commission at 201 Brooks Street, Charleston, West Virginia.

1/31 2/7 2t

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, P. O. Box 2190, Clarksburg, WV 26302-2190: PUBLIC NOTICE OF WATER RATES OF THE CITY OF SUMMERSVILLE appeared in said newspaper for 2 weeks, on the 2nd day of July, 2009 and on the 9th day of July, 2009.

Given under my hand this 9th day of July, 2009.

By Raymond W. Corbin, News Editor.

Fee for publication:

891 words @ $.12 per word, $106.92 for the first publication; 75% of first publication $80.19 for all subsequent publications; for a total cost of $187.11.

The foregoing instrument was acknowledged before me this the 9th day of July, 2009.

Matthew R. Yeager

Notary Public

My commission expires July 7, 2018.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MATTHEW R. YEAGER
THE NICHOLAS CHRONICLE
718 BROAD STREET
SUMMERSVILLE, WV 26651
My commission expires July 7, 2018

PUBLIC NOTICE OF WATER RATES OF THE CITY OF SUMMERSVILLE

NOTICE is hereby given that the CITY OF SUMMERSVILLE (the "City") enacted an ordinance on June 22, 2009 containing rates and charges for furnishing water service to 2,192 customers at Summersville and vicinity, in Nicholas County, West Virginia.

The proposed increased rates and charges will become effective 45 days from the effective date of the ordinance, unless otherwise ordered by the Public Service Commission, and will produce approximately $156,616 annually in additional revenue, an increase of 13.903%. The average monthly bill for the various classes of customers will be as follows:

GLADE CREEK AREA

TYPE OF CUSTOMER	($) INCREASE	(%) INCREASE
Domestic (4,500 gallons)	$11.52	26%
Commercial (4,500 gallons)	$11.52	26%
Industrial (4,500 gallons)	$11.52	26%

SUMMERSVILLE AREA

TYPE OF CUSTOMER	($) INCREASE	(%) INCREASE
Domestic (4,500 gallons)	- 0 -	- 0 -
Commercial (4,500 gallons)	- 0 -	- 0 -
Industrial (4,500 gallons)	- 0 -	- 0 -

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Public Service Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates and charges by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Public Service Commission a petition signed by not less than twenty-five percent (25%) of the customers served by the City's waterworks system; or

(2) Any customer who is served by the City's waterworks system and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Public Service Commission a petition alleging discrimination between customers within and without the City's boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the City's boundaries and who present a petition to the Public Service Commission alleging discrimination between said customer or group of customers and other customers of the City's waterworks system. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at the Recorder's Office at the City Hall, City of Summersville, West Virginia.

A copy of the proposed rates is available for public inspection at the Office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, Post Office Box 812, Charleston, West Virginia 25323.

/s/ Marie Perry Parsons
Recorder

7/2, 7/9 2t

water

NOTICE OF PUBLIC HEARING ON
CITY OF SUMMERSVILLE WATER RATE ORDINANCE

Notice is hereby given, that on June 8, 2009, the City of Summersville, caused to be read before the City Council, an ordinance proposing increased water rates and charges in lieu of those rates and charges contained in the City's existing water tariff currently on file at the Public Service Commission of West Virginia for furnishing water service to customers in Nicholas County, West Virginia and is proposing adoption of the same. The proposed ordinance is titled:

AN ORDINANCE SETTING FORTH THE RATES, FEES AND CHARGES FOR SERVICE TO CUSTOMERS OF THE WATER SYSTEM OF THE CITY OF SUMMERSVILLE.

The City Council of the City of Summersville will have its final reading and vote on the ordinance on Monday, June 22, 2009 at 7:00 p.m. in the City of Summersville, City Hall, Summersville, West Virginia. Said meeting is open to the public and all interested parties may appear at the meeting and present protests, if any, with respect to the proposed ordinance. A copy of the proposed ordinance is available for inspection at the office of the City Recorder of the City of Summersville, City Hall, Summersville, West Virginia.

/s/ Marie Perry Parsons
Recorder
6/11

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, P. O. Box 2190, Clarksburg, WV 26302-2190: NOTICE OF PUBLIC HEARING ON CITY OF SUMMERSVILLE WATER RATE ORDINANCE appeared in said newspaper for 1 week, on the 11th day of June, 2009.

Given under my hand this 11th day of June, 2009.

By _____, News Editor.

Fee for publication:

297 words @ $.12 per word; for a total cost of $35.64.

The foregoing instrument was acknowledged before me this the 11th day of June, 2009.

Matthew B. Yeager

Notary Public

My commission expires July 7, 2018.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on June 8, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Jo Heater, Councilwoman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV
Joe Rapp, Councilman Ward IV

VISITORS: Chief Jay Nowak, SPD
Alice King, Region 4 PDC
Ray Corbin, Nicholas Chronicle

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:00 p.m. Moved by John Lackey.
Seconded by Jo Heater.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on May 26, 2009. Moved by John Lackey.
Seconded by Jo Heater.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

Council held the First Reading of the proposed Water Rate Ordinance establishing and fixing water service rates, connection charges, delayed payment penalties and other charges for service to customers of the water works system of the City of Summersville (Glade Creek Phase II-A Water Extension Project). A motion was made to approve the First Reading of the proposed Water Rate Ordinance as presented. Moved by Jeff Asbury.

Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

Alice King from Region 4 PDC presented Requisition No. 40 relating to the construction of the wastewater treatment plant project. Ameritcon was paid $126,225.25 from IJDC funds; Siemens Water Technologies was paid $97,123.80 from IJDC funds; ATS was paid $887.00 from IJDC funds; and Region k4 PDC was paid $2,873.25 from IJDC funds for a total invoice amount of $227,109.30. A motion was made to approve Requisition No. 40 as presented. Moved by Joe Rapp.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

Alice King presented Requisition No. 13 relating to the construction and other services for the Glade Creek Water Phase II-A Project. Region 4 Planning and Development Council was paid #2,218.59 from HUD SCBG funds; Stafford Consultants was paid $2,580.14 from HUD SCBG funds; the Nicholas Chronicle was paid $117.84 from HUD SCBG funds for a total invoice amount of $4,916.57. A motion was made to approve Requisition No. 13 as presented. Moved by John Lackey.

Seconded by Jo Heater.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes

Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

A motion was made to authorize Steve Acree as the voting delegate at the West Virginia Rural Water Association that is scheduled to be held at Snowshoe on Monday, September 14, 2009. Moved by Mike Steadham.

Seconded by Kenny Baker.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

A motion was made to approve the recommendation from the Board of Zoning Appeals (BZA) to reappoint Fred Williams to a three year term on the BZA. Moved by Mike Steadham.

Seconded by Jeff Asbury.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

Mayor Shafer announced that the old water plant site has been cleaned up. We contracted with David Foster and he did a fine job and he did it in the time frame that was set.

Mayor Shafer also announced that the pump for the pool arrived today and will be installed tomorrow. He will present the invoices at the next meeting in order to be approved and get paid before the end of the fiscal year.

Mayor Shafer said on Route 19 near Muddlety where you see heavy equipment is where the tank site is going to be for the Glade Creek project. We tried to get the funder to help purchase this property and get this taken care of. That did not work, there are many complications. After discussion with Greg Tucker, what

I would like to do is for the City to take $60,000 and purchase the tank site which is on top of the hill along with the thirty foot right of way from the bottom to the top. The City will purchase the property and as soon as we close the loan, the City would be reimbursed in full. The City had to go ahead and purchase the tank site. We cannot use the funds we have available at this time. The Small Cities would not permit the City to use their funds to do this. But USDA wants us to buy the property and then reimburse us at closing. This is something that had to be done and it will be added to the next agenda.

Councilwoman Jo Heater noted that Alice Campbell on Williams Street has a tree that is blocking her view. Councilwoman Heater asked if the Street Department could cut or trim the tree. Mayor Shafer said he will probably turn this over to the Tree Council. If this is a private tree, the City won't be able to cut it but if it is a City owned tree we may be able to address the issue. He will have it checked into and get back with Councilwoman Heater so she can notify Ms. Williams if the City can do anything about it.

Councilman Jo Rapp advised that there is a man on Holly Drive that is not mowing his grass. He asked if something could be done about this. He has his house up for sale. Mayor Shafer said he will take care of that tomorrow.

A motion was made to adjourn the meeting at 7:15 p.m. Moved by John Lackey.
Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Jo Heater	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Public Hearing and
Regular Meeting of Summersville City
Council held on June 22, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Jo Heater, Councilwoman Ward I

VISITORS: Chief Jay Nowak, SPD
Alice King, Region 4 PDC
Stacy Brogan, Public Hearing
Dinah Deal, Public Hearing
Mike Ensminger, Nicholas Chronicle
Frank Young

A Public Hearing was held at 7:00 p.m. to receive citizen comment regarding the proposed Water Rate Ordinance establishing and fixing water service rates, connection charges, delayed payment penalties and other charges for services to customers of the waterworks system of the City of Summersville (Glade Creek Phase II-A Water Extension Project). Mayor Shafer called the Public Hearing to order at 7:00p.m. He noted that proper advertising had been made in the local newspaper. He asked if there was anyone from the public that would like to provide comments on this project. Dinah Deal from Silo Road and representing Glade Creek Floral and Greenhouse stated that she is in support of this water project. She is desperate for City water. She noted that she was also speaking on behalf of both or her sons, her mother, Ralph Yeager, herself and the Greenhouse; they all would love to have City water. Stacy Brogan said her address is Armstrong Road but she doesn't live there right now because she does not have City water. They cannot move into their house until they get City water. She advised they really need City water. Mayor Shafer asked if there was anyone else that would like to speak on behalf or against the propose water service. He noted that only these two persons had signed up to speak on behalf of the proposed water rate ordinance. No additional comments were received. The Public Hearing was closed at 7:07 p.m. A motion

was made to close the Public Hearing at 7:07 p.m. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:07 p.m. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on June 8, 2009. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer announced that a special guest, Frank Young, was present tonight. He then asked Kenny Baker to inform Council of the Jefferson Award that was awarded to Mr. Young in Charleston. Councilman Baker noted that Frank Young was invited here tonight to be recognized for receiving the Jefferson Award. Councilman Baker accompanied Mr. Young to Charleston to receive this award. The Jefferson Award is awarded on two levels, the national and the local level. On the local level, the Jefferson Award recipients are ordinary persons who do

extraordinary things without expectation of recognition. Mr. Young has worked diligently with the Super Scholar Program which is sponsored by SMH. Councilman Baker said that on behalf of the Mayor, Council and the City of Summersville, we would like to congratulate Mr. Frank Young for receiving this award. Mayor Shafer thanked Mr. Young for his dedication to this program and the impact that Mr. Young has made with our youth, educators, parents and overall the impact that he and the program has made in this community. It is people like Mr. Young that makes it so good to live in a community like this because he really has given so much to the program, and for that we consider you a distinguished citizen and we thank you and commend you.

Council held the second and final reading of the proposed Water Rate Ordinance establishing and fixing water service rates, connection charges, delayed payment penalties and other charges for service to customers of the water works system of the City of Summersville (Glade Creek Phase II-A Water Extension Project). A motion was made to approve the passage and adoption of the Water Rate Ordinance on second and final reading as presented. Moved by Kenny Baker.
Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

There were no additional matters to act upon relating to the foregoing (Water Rate Ordinance for the Glade Creek Phase II-A Water Extension Project).

Mayor Shafer advised that Council approval is needed for the signatures for the Municipal Stabilization Account. He noted that this is the final process for the account. The signatures to be added are: Mayor Robert Shafer, Recorder Marie Perry Parsons, Councilman Jeff Asbury and Councilman Stephen Boone. The City received proposals from the four banks in our community. In reviewing the proposals, it came down to two banks, First Community Bank and BB&T. He felt the best proposal for the City would be to invest the $500,000 in the account with BB&T for eighteen months at 2%. In the event we would need in the account multiple times before the eighteen months, all penalties and fees would be waived through BB&T. We do not foresee having to get into the account, but if we had to, we would not have to pay any penalties or fees. All City funds must be backed by securities. It is our intent to open this

account before the end of the fiscal year. A motion was made to approve the signatures of Mayor Robert Shafer, Recorder Marie Perry Parsons, Councilman Jeff Asbury and Councilman Stephen Boone for the Municipal Stabilization Account at BB&T. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to approve the invoices for the pool repairs totaling $7,434.93 which will be paid out of the Council Contributions budget. Mayor Shafer noted that James Corbitt and his crew had the pump up and running on Thursday and the pool opened on Friday. This pump meets the new standards so this pump will meet the Nicholas County Park Board's needs in their strategic plans for the future. Moved by Jeff Asbury.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer noted that as discussed at the previous Council Meeting, the City needs to proceed with the purchase of the water tank site and the road right-of-way for the Glade Creek Phase II-A Water Extension Project. He recommended paying the $60,000 out of the Council Contributions budget, once we close on the loans and the money is transferred, the City will be reimbursed, and these funds will be returned to the Council Contributions budget. A motion was made to approve the purchase of the water tank site and right-of-way in the amount of $60.000 relating to the Glade Creek Phase II-A Water Extension Project. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes

John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to approve the recommendation from the Summersville Convention and Visitors Bureau (CVB) Board of Directors to reappoint Bucky Frame to a four year term on the CVB Board. Moved by Mike Steadham.
Seconded by Jeff Asbury.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer told Council that the City had advertised for bids on various surplus equipment/used vehicles. The majority of the bids came in under the amount that he had set for the surplus equipment/vehicles. Some of the equipment had been bid out previously and has been sitting around for three to five years. He recommended that the City accept the highest bid for the equipment listed on the sheet given to Council in order to save on insurance, licensing, etc. The equipment and amounts are: 1996 Jeep Cherokee $520; 1978 Galion Road Grader $5,201; 1991 Suburban 2500 $279; 1991 Utility Truck $1,209; 1977 Dodge 4x4 Army Ambulance $430; 1999 Dodge Dakota 4x4 $450; 1984 Ford Backhoe $3,850; 1984 Ford Bucket Truck $5,001.99 and Aluminum Ladders (from the Fire Department) $1,150. A motion was made upon the recommendation of the Mayor to approve the sale of the surplus equipment/used vehicles at the highest bids received as reflected on the list. Moved by John Lackey.
Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer provided an update on the Forestry Council. As you are aware the City was awarded the Tree City USA award. He said the Forestry Council has done a lot of good work for this

community. The hazardous trees that are being removed will be replaced. The grant pays to cut these trees down and also pays to replace the trees that the owners wish to have replaced. There were a total of eighty two (82) sites that were to have trees cut down. The remaining sites to be completed are six. There are a total of 421 trees scheduled to be removed. To date we have removed 359 of those trees. There are actually sixty two (62) trees yet to be removed. To date, we have commitments from landowners to replant ninety nine (99) trees. Mayor Shafer said he would like commend Fred Williams and the entire Forestry Council because that is a lot of work being done for the City. The Tree City USA is a tremendous award for a City to have and we hope to hang on to it for many years to come.

Mayor Shafer said that nine of the City's flags are missing and it is discouraging when, as a City, you try to do things to commemorate different events and put up flags and we have people who take these flags. They are marked and if we find someone with these City flags, we will prosecute to the fullest extent of the law. If someone does have one of these missing flags, you can return it to the City. You can bring it back at night and put it on the front porch.

Mayor Shafer informed Council that there have been some problems at Jones hole at the City trail. Someone found some wood that belonged to a property owner and they decided to take the wood and burn it in one of the fire pits. We are going to look into an ordinance for the park and enforce it. The park closes at 10:00 p.m. and it will be enforced. The City wants this to be a nice place for citizens to enjoy.

Mayor Shafer advised that SCTV is down due to a modulation problem. Shentel Cable Company is working on the problem and we hope it will be resolved quickly.

7

Mayor Shafer announced that on July 23, 2009, the City offices will close at 12:00 p.m. and the City's annual picnic will be held at the Park. Council members are invited to attend. It is a requirement that all employees attend.

Mayor Shafer said that the City has something very exciting coming to Summersville. The City is very fortunate that the band of the nation's capitol, the 257th Army Band is coming to the Summersville Armory. This is the only stop in the State of West Virginia and it is a free concert. What we did in lieu of charging for the concert, our Food Pantries are low on supplies so we are requesting that everyone that attends to bring a canned good. They put on a fantastic concert. This concert is being advertised statewide. We would like to extend an invitation to all the veterans. The concert will be held on Wednesday, July 8th at 7:30 p.m. at the Armory. When the Band comes to a community, the only thing that you have to do is basically pay for their lodging and food. He committed to pay

for their lodging which will be $1650 for 30 rooms. Others have stepped up and will pay for the meals.

Councilman Joe Rapp asked who was handling the Potato Festival this year. Mayor Shafer advised that the City turned that over to the CVB and Susan Hilleary is the Chairperson for the Potato Festival. City employees Jay Nowak and Joey Groves are on the Potato Festival Committee.

A motion was made to adjourn the meeting at 7:55 p.m. Moved by Mike Steadham.

Seconded by Stephen Boone.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City Council held on January 14, 2002

PRESENT: Stanley Adkins, Mayor
Mike Brown, Recorder
Irene Harrah, Councilwoman Ward I
Jo Heater, Councilwoman Ward I
Betty Applegate, Councilwoman Ward II
George Kallai, III, Councilman Ward III
Mike Hughes, Councilman Ward IV
Donna Mazzei, Councilwoman Ward IV

ABSENT: Sid Valentine, Councilman Ward III

VISITORS: Chrissy McClung
Kim Marsh, Finance Director
Lt. Col. L.B. Bailey
Lt. Col. Jay Nowak, SPD
Kristen Eakle, Projects Manager
Dennis Burns, SMH
Betty Shearer
Eloise Lambert
Joe Rapp

Mayor Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Special Meeting of City Council held on December 13, 2001. Moved by Donna Mazzei.
Seconded by Jo Heater.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting. Councilman George Kallai was absent during the vote.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on December 18, 2001. Moved by Irene Harrah.

Seconded by Betty Applegate.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting.

Discussion was held on the proposed water/sewer rate ordinance for the City of Summersville. The increase is necessary to cover the construction and operating costs of the new water plant. The first rate increase will become effective on July 1, 2002 and the second rate increase will become effective January 1, 2004. A motion was made to adopt the first reading of the ordinance, by title only, of the water and sewer rate increase. Moved by Donna Mazzei. The second reading and public hearing will be held at the January 28, 2002 Council Meeting.

Seconded by Betty Applegate.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting.

Recorder Mike Brown presented the recommendation from Planning and Zoning for the approval of the proposed Ordinance to adopt the current State Building Code. A motion was made to adopt the first reading of the State Building Code Ordinance. The second reading will be held at the January 28, 2002 Council Meeting. Moved by Mike Hughes.

Seconded by Betty Applegate.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	No
Betty Applegate	Yes
George Kallai	No

Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried with four (4) voting in favor of the motion and two (2) voting against the motion. Councilman Sid Valentine was absent for the meeting.

Councilwoman Jo Heater requested a donation of $1,000.00 from the City Council for the Optimist Club. This Club works with students from the various schools in the County. Councilwoman Heater was asked to present a copy of the Optimist Club's budget at the next Council Meeting.

Discussion was held on the recommendation from the Summersville Memorial Hospital Board of Trustees for the reappointment of Martha Perilli for a three year term. A motion was made to reappoint Martha Perilli to the three year term on the Hospital Board of Trustees. Moved by Mike Hughes.

Seconded by Jo Heater.

The Vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting.

Discussion was held on the recommendation from the Summersville Memorial Hospital Board of Trustees for the appointment of Robert Britton for a three year term on the Board of Trustees. Mr. Britton would fill the small business representative position previously held by Tom Toler for the past nine years. A motion was made to appoint Robert Britton to a three year term on the Hospital Board of Trustees. Moved by Irene Harrah.

Seconded by Mike Hughes.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting.

Mountain Transit Authority (MTA) presented a letter requesting $1,128.00 as local match from the City of Summersville. Council members requested that MTA present a budget detailing their expenses at the next Council Meeting.

Discussion was held on the Nicholas County Youth Center Survey. The survey was presented to the schools in the area. After the surveys have been completed, Councilman Kallai will provide Council with the results of the survey.

Discussion was held on the City of Summersville Regional Water Plant Project regarding the Finding of No Significant Impact (FONSI). In accordance of West Virginia regulations, the Bureau for Public Health, Environmental Engineering Division, performed an environmental review through the examination of documentation from the EDA Environmental Review for the proposed water project. Citizens may submit comments regarding this finding during the next 30 days.

Mayor Adkins updated Council on the condition of the Old Gym. The floor has been refinished and a thorough cleaning of the gym was completed. Painting was also done. Councilman Hughes stated that the City workers did a wonderful job and the gym looks great.

A motion was made to adjourn the meeting at 8:08 p.m. Moved by Jo Heater.

Seconded by Irene Harrah.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present. Councilman Sid Valentine was absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

STANLEY S. ADKINS, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City Council held on January 28, 2002

PRESENT: Stanley Adkins, Mayor
Mike Brown, Recorder
Irene Harrah, Councilwoman Ward I
Jo Heater, Councilwoman Ward I
Betty Applegate, Councilwoman Ward II
George Kallai, III, Councilman Ward III
Sid Valentine, Councilman Ward III
Mike Hughes, Councilman Ward IV
Donna Mazzei, Councilwoman Ward IV

VISITORS: Chrissy McClung
Kim Marsh, Finance Director
Lt. Col. L.B. Bailey
Kristen Eakle, Projects Manager
David Johnson, MTA
Roger Phelps, Optimist Club
Frank Jorgenson
Boy Scout Troop 107
Ed Shutt, Stafford Consultants
Angie Vealey, Smith, Cochran & Hicks
Betty Shearer
Eloise Lambert

A Public Hearing was held prior to the Council Hearing. Mayor Adkins called the Public Hearing to order at 6:30 p.m. Mayor Adkins noted that proper advertising for the Public Hearing has been made in the local newspaper for two weeks and was also posted at the water office. The purpose of the Public Hearing was to hear comments from the public concerning the proposed water/sewer rate increase. No one appeared at the Public Hearing to speak in favor of or in opposition to the proposed increase. Mayor Adkins declared the Public Hearing adjourned at 7:00 p.m.

Mayor Adkins called the Council Meeting to order at 7:00 p.m.

A motion was made to approve, as presented, the Minutes of the Regular Meeting of City Council held on January 14, 2002. Moved by Jo Heater.
Seconded by Irene Harrah.
The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

Council held the second reading of the Water and Sewer Rate Ordinance for the City of Summersville. The increase is necessary to cover the construction and operating costs of the new water plant. The first rate increase will become effective on July 1, 2002 and the second rate increase will become effective January 1, 2004. A motion was made to approve the second reading and adoption of the Water and Sewer Rate Ordinance. Moved by Mike Hughes.
Seconded by Betty Applegate.
The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

Council held the second reading of the Ordinance to adopt the current State Building Code. A motion was made to approve the second reading and adoption of the State Building Code Ordinance. Moved by Mike Hughes.
Seconded by Irene Harrah.
The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

Councilwoman Jo Heater requested a donation of $2,000.00 from the City Council for the Optimist Club. This organization works with students from the various schools in Nicholas County. Councilwoman Heater presented a copy of the Optimist Club's budget per Council's request. A motion was made to approve the request for $2,000.00 to be taken out of Council Contributions for the Optimist Club. The funds will be made available from the Fiscal Year 2002/2003 Budget. Moved by Sid Valentine.

Seconded by Donna Mazzei.

The Vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

Council discussed a request from Mountain Transit Authority (MTA) regarding a letter of commitment in the amount of $1,128.00. David Johnson, Director of MTA, presented a budget to Council members. A motion was made to approve the request for $1,128.00. The funds will be made available from the Fiscal Year 2002/2003 General Fund Budget. Moved by Jo Heater.

Seconded by Mike Hughes.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

Mayor Adkins presented an Amended Easement Agreement between Audra Deitz and the City of Summersville pertaining to the Hydro Power Project. A motion was made to authorize the Mayor to sign the Amended Easement Agreement. Moved by Donna Mazzei.

Seconded by Mike Hughes.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes

Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

Councilman Hughes advised Council that a bronze plaque is traditionally presented at the completion of a construction project. Catamount Energy is being approached about acquiring the plaque, however, if present plans do not continue as expected, then the City and Noah Corporation have discussed jointly acquiring the plaque for the hydro project.

A motion was made to adjourn the meeting at 7:36 p.m. Moved by Jo Heater.

Seconded by Mike Hughes.

The vote was as follows:

Irene Harrah	Yes
Jo Heater	Yes
Betty Applegate	Yes
George Kallai	Yes
Sid Valentine	Yes
Mike Hughes	Yes
Donna Mazzei	Yes

The motion carried by unanimous vote of all members present.

The Nicholas Chronicle a division of Nicholas County Publishing Company Inc.

I, Raymond W. Corbin, News Editor of The Nicholas Chronicle, a weekly newspaper published at Summersville in the County of Nicholas, and the State of West Virginia, do certify that the hereto attached Legal Advertisement - Steptoe & Johnson, Attorneys at Law, P. O. Box 2190, Clarksburg, WV 26302-2190: NOTICE OF PUBLIC HEARING ON THE CITY OF SUMMERSVILLE BOND ORDINANCE appeared in said newspaper for 2 weeks, on the 3rd day of September, 2009 and on the 10th day of September, 2009.

Given under my hand this 10th day of September, 2009.

By Raymond W. Corbin, News Editor.

Fee for publication:

1,122 words @ $.12 per word, $134.64 for the first publication; 75% of first publication $100.98 for all subsequent publications; for a total cost of $235.62.

The foregoing instrument was acknowledged before me this the 10th day of September, 2009.

Matthew R. Yeager

Notary Public

My commission expires July 7, 2018.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MATTHEW R. YEAGER
THE NICHOLAS CHRONICLE
718 BROAD STREET
SUMMERSVILLE, WV 26651
My commission expires July 7, 2018

Legal Notices

NOTICE OF PUBLIC HEARING ON THE
TOWN OF SUMMERSVILLE BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Summersville (the "Town") to be held on Monday, September 14, 2009, at 7:00 p.m. at the Town Hall, 400 North Broad Street, Summersville, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

TOWN OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE TOWN OF SUMMERSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM BONDS, SERIES 2009 A (UNITED STATES DEPARTMENT OF AGRICULTURE) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The Town contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer; and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable from net revenues bonds of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Summersville on August 24, 2009. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

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

A second public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Summersville (the "Town") to be held on Monday, September 14, 2009, at 7:10 p.m. at the Town Hall, 400 North Broad Street, Summersville, West Virginia, and at such hearing any person interested may appear before the Town and present protests, and all protests and suggestions shall be heard by the Town and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE FACILITIES OF THE TOWN OF SUMMERSVILLE, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM GRANT ANTICIPATION NOTES, SERIES 2009 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY) IN ONE OR MORE SERIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE NOTES; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE NOTES; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Notes contemplated thereby. The Town contemplates the issuance of the Notes described in the Ordinance. The proceeds of the Notes will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer ("Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Notes are payable from future grants made available to the Town subsequent to the issuance of the Notes to permanently finance the costs of the Project. No taxes may at any time be levied for the payment of the Notes or the interest thereon.

The above-entitled Ordinance was adopted by the Council of the Town of Summersville on August 24, 2009. A certified copy of the above-entitled Ordinance is on file with the Town for review by interested parties during regular office hours.

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

/s/ Robert L. Shafer
Mayor
9/3, 9/10-2t

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City Council held on October 13, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV

ABSENT: Jo Heater, Councilwoman Ward I
Joe Rapp, Councilman Ward IV

VISITORS: John Stump, Bond Counsel, Steptoe & Johnson
Alice King, Region 4 PDC
Ray Corbin, Nicholas Chronicle
Jay Nowak, Chief, SPD
Susan Brown, Finance Department

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:01 p.m. Moved by John Lackey.
Seconded by Stephen Boone.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on September 28, 2009. Moved by John Lackey.
Seconded by Mike Steadham.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

John Stump, Attorney from Steptoe and Johnson, presented the Supplemental Resolution providing for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (the Bonds). The Bonds that are going to be considered this evening are issued by the City and will be purchased by the United States Department of Agriculture. The actual closing on this financing is scheduled for November 12, 2009. The pre-closing will occur here at the Council Meeting scheduled on November 9th with the closing to occur on the 12th. The first bond is the Series 2009 A in the amount of $2,299,240 and it has an interest rate of 3.375% with a term of 40 years. The second bond is the Series 2009 B in the amount of $112,466 and it has an interest rate of 3.375% with a term of 40 years. These are fixed interest rates, they will not change over the life of the bond issue. The first two years is an interest only period during the construction phase. After the two year interest only period, the principal and interest are payable directly to RUS. The Series 2009 A payment will be $8,967 per month and the Series 2009 B payment will be $439 per month. The final installments shall be paid at the end of 40 years from the date of the Bonds in the sum of the unpaid principal and interest due on the date thereof. A motion was made to approve and adopt the Supplemental Resolution providing for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (the Bonds). Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

John Stump presented the Draw Resolution for the payment of invoices from the Bonds. The Draw Resolution is Requisition No. 16 relating to the construction and other services for the Glade Creek Water Phase II-A Project. Region 4 PDC was paid $4,446.42 from the HUD SCBG funds; Stafford Consultants were paid $43,800.00 from the USDA Grant & Loan funds; Gregory A. Tucker, PLLC was paid $22,911.14 from the USDA Grant & Loan funds for Legal and Fiscal Services, City of Summersville was paid $66,173.58 from USDA Grant & Loan funds for sites and other lands, Gregory A. Tucker was paid $2,725.00 from USDA Grant and Loan funds for Tank Site Acquisition/Rights of Entry and Steptoe and Johnson was paid $22,000.00 from USDA Grants and Loan funds for Bond Counsel and out-of-pocket expenses for

a total invoice amount of $162,056.14. A motion was made to approve Requisition No. 16 as presented. Moved by John Lackey.
Seconded by Stephen Boone.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

John Stump presented a Sweep Resolution which is a requirement of the State funding agencies. The City has a grant from the Infrastructure Council in the amount of $372,000 and as a prerequisite to that grant they are requiring the City and all other borrowers to agree to allow the State agencies to debit your account on a monthly basis to pay principle and interest in reserve account amounts on all your outstanding bonds. So it is not just the ones we are approving here, it is all your existing outstanding bonds. The accounts are listed in Exhibit A. You have to assure you have sufficient working capital in your account going forward to allow this to occur. This will happen on the first day of the month. A motion was made to approve the Sweep Resolution as presented. Moved by Mike Steadham.
Seconded by Stephen Boone.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

Alice King advised Council that the AML Grant Requirements that she thought was ready for Council's approval was not ready. It will be added to the October 26th agenda for approval. This item was tabled until the next meeting.

Alice King presented the Fourth Amended Contract for Professional Services between the City and Gregory A. Tucker, Attorney at Law. Alice explained that USDA had recommended that the City consider amending Mr. Tucker's Legal Services Agreement for an hourly rate of $150.00 and reimbursement of out-of-pocket expenses and mileage at $0.505 per mile, all of which shall not exceed a total of $40,000.00 for the entire project. A motion was made to approve the Fourth Amended Contract for Professional Services for Gregory A. Tucker,

Attorney at Law, at an hourly rate of $150.00 and reimbursement of out-of-pocket expenses and mileage at $0.505 per mile, all of which shall not exceed a total of $40,000.00 for the entire project. Moved by Mike Steadham.

Seconded by Jeff Asbury.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

Mayor Shafer explained that this water extension project for Glade Creek has been a long time in the making. Many people have worked diligently and put many hours into making this project a reality. He stated that he did not know what the City would have done without the assistance of Region 4, the City Attorney, James Corbitt and our engineer. This project will provide water to an additional 290 households.

Mayor Shafer advised Council that he received a stack of documents today that must be approved before the next Council Meeting. He is going to schedule an emergency Council Meeting for the sole purpose of approving the individual contracts (Contract #1, Contract #2, Contract 3A, Contract 3B and Contract #5A) to the contractors for the Glade Creek Water Phase IIA Project. We must list the individual contracts and who we are awarding them to in the minutes of the special meeting. Mayor Shafer asked Council members if they could attend a special Council Meeting on Friday, October 16, 2009 at 5:00 p.m. He noted that there would be enough Council members to have a quorum on Friday.

A motion was made to go into Executive Session at 7:24 p.m. in order to discuss legal and personnel matters. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

A motion was made to come out of Executive Session at 8:15 p.m. No action was taken during the Executive Session. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

A motion was made to adjourn the meeting at 8:16 p.m. Moved by Jeff Asbury.

Seconded by Stephen Boone.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater and Councilman Joe Rapp were absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on August 10, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Jo Heater, Councilwoman Ward I

VISITORS: Chief Jay Nowak, SPD
Mike Ensminger, Nicholas Chronicle
Susan Brown, Finance Department
Dan Hart, DLH PLLC
Candace McDaniel

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:00 p.m. Moved by John Lackey.
Seconded by Stephen Boone.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on July 27, 2009. Moved by Jeff Asbury.
Seconded by John Lackey.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the first reading of the proposed Bond Ordinance providing for the issuance of its combined Waterworks & Sewerage System Revenue Bonds, Series 2009A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the water portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the Town. A motion was made to approve the first reading of the proposed Bond Ordinance relating to the Glade Creek Phase II-A Water Project as presented. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the first reading of the proposed Bond Ordinance providing for the issuance of its combined Waterworks & Sewerage System Grant Anticipation Notes, Series 2009B (the "Notes"). The proceeds of the Notes will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the water portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Notes and related costs. The Notes are payable solely from future grant proceeds of the Town. A motion was made to approve the first reading of the proposed Bond Ordinance (the "Notes") relating to the Glade Creek Phase II-A Water Project as presented. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the first reading of the revised Business and Occupation Tax Ordinance of the City of Summersville. Recorder Parsons advised Council that this revision is due do a technical cleanup of the 1968 ordinance and the revisions of 1985, 1990 and 1999. There is no change in the rates. This Ordinance was reviewed and approved by the City Attorney. Councilman Steadham noted that he felt that Council should have a formal presentation on this ordinance. Recorder Parsons advised him that she could give him a copy of the old Ordinance for him to compare to the newly revised version. A motion was made to approve the first reading of the revised Business and Occupation Tax Ordinance. Moved by Jeff Asbury.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Dan Hart and Candace McDaniel, DLH Architects, made their final presentation on the Downtown Master Plan. The previous Council approved this project in 2006. Ms. McDaniel presented the Wayfinding system denoting the various destinations within the City and those just outside the City. She discussed the larger directional Wayfinding sign types and the smaller attraction directional signs for the downtown area. She then explained the branding tag lines. The purpose of these tag lines is to change Summersville's image as a cross through place to a stop over place. Then you have a chance to enchant them with your small town charm. She presented maps that designated the specific areas where the Wayfaring signs would be located. Mr. Hart finalized the presentation by saying that if the City wishes to pursue the signage for an additional fee they would take their recommendations which are general and make a specific bid document and assist the City in gathering the best prices for signs and the other materials. Mayor Shafer thanked them for their presentation.

Mayor Shafer presented Requisition No. 42 relating to the construction of the wastewater treatment plant project due to Alice King being on vacation. Ameritcon was paid $18,023.50 from IJDC funds and ATS Engineering was paid 372.24 from IJDC funds for a total invoice amount of $18,395.74. A motion was made to approve Requisition No. 42 as presented. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes

Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer provided a brief update on the Wastewater Treatment Plant Project. He advised that the City is still holding a retainer on this project right at $300,000. There is still a little tweaking to do on the computer that runs the Wastewater Treatment Plant. There is also a small mechanical issue to be resolved. We have one invoice in the amount of $4,071 left where Ameritcon did some updating on the old clarifiers. At the next meeting, we will probably pay the $4,071 invoice and there is a good chance that we will move to release the retainer. That recommendation will come from ATS.

Recorder Parsons advised that she is in the process of updating the City's building permits. The City of Fayetteville has been very helpful in getting us started. We used their permit as a guide line. We are trying to make the permits more efficient for our residents and their needs. Hopefully, the City will be able to start using the revised permit after the Planning and Zoning Commission gives their approval at the September meeting.

Mayor Shafer announced that the American Ramp Company will be presenting a skatepark demonstration in front of City Hall on August 18, 2009 from 4:00 p.m. to 6:00 p.m. The street in front of City Hall will be closed to traffic. Participants must sign a waiver and must wear a helmet. Parents will have to sign the waiver for minors. This should be an exciting day for skateboarders. They will have contests and prizes.

Mayor Shafer noted that downtown Summersville (including City Hall) will not have power from 7:00 a.m. to 10:00 a.m. tomorrow morning. Allegheny Power notified him earlier of the planned power outage and notices were published in the Nicholas Chronicle.

Mayor Shafer advised Council Sergeant Tim Blake wrote a grant for the Summersville Police Department. Grants were submitted by police departments throughout the State and the City was awarded $131,730. This grant will pay for a starting level officer for three (3) years. Our only stipulation is that the City has to retain the officer for one year after the three year period. We have a female slated to enter the Academy this month. He also noted that the City had an outstanding officer that just resigned. Cpl. Bryan Keiper resigned to return to College and we wish him the best. He had dignity, integrity and was respectful. We hated to lose an officer like that. He represented the City well and we will miss him.

Councilman Jeff Asbury said he would like to thank the Chief and the Mayor and all the City staff for a wonderful Little League Tournament. He heard the guests and visitors were very impressed with every thing the City workers and volunteers did to make it a successful tournament.

A motion was made to go into Executive Session at 7:45 p.m. to discuss legal issues and delinquent B & O's. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to come out of Executive Session at 8:18 p.m. No action was taken during the Executive Session. Moved by Jeff Asbury.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to proceed with all legal avenues to collect delinquent B & O taxes owed to the City of Summersville. Moved by Mike Steadham.

Seconded by Kenny Baker.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to adjourn the meeting at 8:20 p.m. Moved by Mike Steadham.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Regular Meeting of Summersville City
Council held on August 24, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Jo Heater, Councilwoman Ward I

VISITORS: Ray Corbin, Nicholas Chronicle
Ann Lilly, Finance Department

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:00 p.m. Moved by Joe Rapp.
Seconded by Kenny Baker.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on August 10, 2009. Moved by Joe Rapp.
Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the second reading of the proposed Bond Ordinance providing for the issuance of its combined Waterworks & Sewerage System Revenue Bonds, Series 2009A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the water portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the Town. The final reading and Public Hearing will be held on September 14, 2009. A motion was made to approve the second reading of the proposed Bond Ordinance relating to the Glade Creek Phase II-A Water Project as presented. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the second reading of the proposed Bond Ordinance providing for the issuance of its combined Waterworks & Sewerage System Grant Anticipation Notes, Series 2009B (the "Notes"). The proceeds of the Notes will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the water portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Notes and related costs. The Notes are payable solely from future grant proceeds of the Town. The final reading and Public Hearing will be held on September 14, 2009. A motion was made to approve the second reading of the proposed Bond Ordinance (the "Notes") relating to the Glade Creek Phase II-A Water Project as presented. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the second reading of the revised Business and Occupation Tax Ordinance of the City of Summersville. Recorder

Parsons advised Council that this revision is due to a technical cleanup of the 1968 ordinance and the revisions of 1985, 1990 and 1999. There is no change in the rates. This Ordinance was reviewed and approved by the City Attorney. A motion was made to approve the second reading of the revised Business and Occupation Tax Ordinance. The final reading and Public Hearing will be held on September 14, 2009. Moved by Marie Perry Parsons.

Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Discussion was held on the proposed modification to the Gauley River PSD/City of Summersville Water Purchase Contract. A recommendation was made to modify Section B.1 of the Water Purchase Agreement by deleting the phrase "not later than the last day of each month" and replacing it with the phrase "not later than twenty days after the bill has been rendered by the Seller." A motion was made to approve the modification of the Gauley River PSD/City of Summersville Water Purchase Contract as stated above. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer presented Change Order #8 relating to the construction of the wastewater treatment plant project. The Change Order is for maintenance work performed by Ameritcon on the existing clarifiers by utilizing existing equipment on site. The amount of the Change Order is $4,017.00. Mayor Shafer noted that this is the final invoice on this project. A motion was made to approve Change Order #8 as presented. Moved by Joe Rapp.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes

Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer provided a brief update on the Wastewater Treatment Plant Project. He stated that the City is still waiting for the recommendation from ATS to allow us to release the retainer in the amount of approximately $300,000. ATS will not make that recommendation until they are fully satisfied that the plant is completely functional and operational.

Mayor Shafer reminded all Council members that the City Council luncheon at the hospital is scheduled for August 28, 2009. Council will also be provided a tour of the new ER facility.

Mayor Shafer noted that he received a thank you letter from a citizen commending Steve Acree, James Corbitt and Jeremy Nicholas for going above and beyond the call of duty regarding an incident that happened on Sunday, August 2nd. That Sunday morning Mr. Irwin woke up to find two inches of water in his basement with visitors from out of state arriving the next day. He made a call to Steve Acree and within minutes Steve, James and Jeremy were at his door. They surveyed the situation and quickly had the problem corrected. They handled the situation in an outstanding professional manner. Mayor Shafer stated that it was good to hear things like this about the City's employees. He also thanked Steve, James and Jeremy for the outstanding job that was done to correct this situation.

Mayor Shafer advised that on August 18th the City had a skatepark demonstration and shut down the street in front of City Hall. We did not have ample time to advertise this event and we had to work on their schedule. We only had about a week from the time they contacted us and the time they arrived to set up the skatepark apparatus. We had approximately twenty-five (25) skate boarders in addition to the parents and bystanders by the 6:00 shut down time. He felt the City gave the skate boarders an awesome opportunity to experience a skatepark apparatus and hopefully the City can provide them a skatepark in the future. He was shocked that this apparatus and their other displays are reasonably affordable. Our continuing struggle is to find a suitable location. The property must be accessible and also must be acceptable to the area. It cannot be located close to someone's home due to the noise. We will continue to work on finding an acceptable location.

Mayor Shafer provided a brief update on the Hydro Power Plant. He is in support of raising the winter pool. He has attended several meetings in the past two years in an effort to revisit the issue of increasing generation at the Hydro Power Plant by elevating the winter pool level. He is concerned about the

supply of water for the water treatment plant downstream which could be helped by elevating the winter pool. Raising the winter pool level would alleviate the water flow problems the City has encountered in the fall. Last fall we had to build a dam in order to ensure we had water for all our customers. Mayor Shafer has been working with Jim Price of Noah Corporation and also Enel North America in an effort to work on this issue and get the winter pool level changed. We now have the support of Mark Lewis, the director of the local whitewater rafters association. Mr. Lewis has been working with the Army Corps of Engineers in an effort to get the winter pool raised. It is frustrating to think of all the energy that is being wasted. In the near future, Mayor Shafer plans on drafting a Resolution stating that this body is behind this project and he would welcome anyone who would be willing to get involved with this process and help with it. He feels that both the State and Federal government benefit from the power that is generated from the Hydro Power Plant by the taxes that is put on that energy. Mayor Shafer advised Council that he would welcome any help that we can get on this project because it is going to be a major undertaking and he would encourage this administration and all the administrations to come to follow though with this because it is something that just has to happen.

Councilman Kenny Baker said he would like to commend Ivy and Stone. He attended their concert at the Brown Oaks and it was a wonderful evening. The group was very enjoyable and they did a great job. He mentioned that the parking lot was full and a number of years ago the City talked about getting a right-of-way from the parking lot to the adjacent street. He asked about the status of getting the right-of-way. Councilman Jeff Asbury advised that at that time, there were estate problems. This property belongs to the LeRose family. The problems may have been settled and this may need to be revisited.

Mayor Shafer noted that the Potato Festival starts September 10th and the City is getting geared up for the festival. The parade will be held on Saturday, September 12, 2009.

A motion was made to adjourn the meeting at 8:20 p.m. Moved by Mike Steadham.

Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

CITY OF SUMMERSVILLE
400 NORTH BROAD STREET
P.O. BOX 525
SUMMERSVILLE, WEST VIRGINIA 26651

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
TELECOPY: (304) 872-2236

Public Hearing and
Regular Meeting of Summersville City
Council held on September 14, 2009

PRESENT: Robert Shafer, Mayor
Marie Perry Parsons, Recorder
Stephen Boone, Councilman Ward I
Kenny Baker, Councilman Ward II
Jeff Asbury, Councilman Ward III
Mike Steadham, Councilman Ward III
John Lackey, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Jo Heater, Councilwoman Ward I

VISITORS: John Stump, Bond Counsel, Steptoe & Johnson
Alice King, Region 4 PDC
Ray Corbin, Nicholas Chronicle
Jay Nowak, Chief, SPD
Ann Lilly, Finance Department

A motion was made to convene the Public Hearing at 7:00 p.m. Moved by John Lackey.
Seconded by Joe Rapp.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A Public Hearing was held at 7:00 p.m. to receive citizen comment regarding the Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A for the Glade Creek Phase II-A Water Project. It was noted that proper advertising for the Public Hearing had been made in the local newspaper. Mayor Shafer asked if there was anyone from the public to provide comments on this project. There were no comments from the public. A motion was made to close the Public Hearing at 7:01 p.m. Moved by John Lackey.
Seconded by Mike Steadham.
The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes

John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer advised Council that also scheduled on the agenda was a Public Hearing on the Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Grant Anticipation Notes Series 2009 B for the AML funding for a portion of this project. We were notified that we no longer need the grant; they have the money available for us. Therefore we will just skip this item.

A motion was made to convene the Public Hearing for the Revised Business and Occupation Tax Ordinance at 7:02 p.m. Moved by Marie Parsons.

Seconded by John Lackey.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A Public Hearing was held at 7:03 p.m. to receive citizen comment regarding the Revised Business and Occupation Tax Ordinance for the City of Summersville. There is no change in the rates. Mayor Shafer noted that proper advertising for the Public Hearing had been made in the local newspaper. He asked if there was anyone from the public to provide comments on this Ordinance. There were no comments from the public. A motion was made to close the Public Hearing. Moved by John Lackey.

Seconded by Marie Parsons.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to convene the regular Council Meeting of the City of Summersville. The meeting was called to order at 7:05 p.m. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to waive the reading and to approve, as presented, the minutes of the Regular Meeting of City Council held on August 24, 2009. Moved by John Lackey.
Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Council held the third reading of the proposed Bond Ordinance providing for the issuance of its combined Waterworks & Sewerage System Revenue Bonds, Series 2009A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain improvements to the water portion of the public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the water system of the Town. A motion was made to approve the third reading and adoption of the Bond Ordinance relating to the Glade Creek Phase II-A Water Project as presented. Moved by Mike Steadham.
Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

No action was necessary on the Combined Waterworks and Sewerage System Grant Anticipation Notes since the money is available.

Council held the third reading of the revised Business and Occupation Tax Ordinance of the City of Summersville. A motion was made to approve the third reading and adoption of the revised Business and Occupation Tax Ordinance. Moved by Marie Perry Parsons.

Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Alice King presented Requisition No. 15 relating to the construction and other services for the Glade Creek Water Phase II-A Project. Region 4 PDC was paid $4,628.53 from the HUD SCBG funds; Stafford Consultants were paid $6,109.37 from the HUD SCBG funds; Charleston Newspaper was paid $409.03 from the HUD SCBG funds and the Nicholas Chronicle was paid $360.36 from HUD SCBG funds for a total invoice amount of $11,507.29. A motion was made to approve Requisition No. 15 as presented. Moved by Mike Steadham.

Seconded by Stephen Boone.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Alice King presented Requisition No. 43 relating to the construction of the wastewater treatment plant project. Ameritcon was paid $294,643.70 from IJDC funds. Mayor Shafer advised Council that this $294,643.70 is actually monies that we are releasing from the retainage of the project. We have had much discussion with ATS and Ameritcon and you will notice in the schedule that we are still retaining $100,000.95. We still have some small outstanding issues with the computer system and these issues are being addressed. This amount will not be released until we are 100% satisfied with all issues at the plant. A motion was made to approve Requisition No. 43 as presented. Moved by John Lackey.

Seconded by Mike Steadham.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes

Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer provided a brief update on the Wastewater Treatment Plant Project. As he stated above, we still have a few computer issues bringing it all together and online. We have identified a couple of mechanical problems that are being adjusted, pumps that area being worked on, etc. Before we release the final retainage we will have a totally functional plant. Tours will be scheduled as soon as the plant is completely functional.

Mayor Shafer advised that the next item is the consideration of a donation for a memorial for the Craigsville Fire Fighters. A motion was made to give a donation of $1,500.00 from Council Contributions to the Craigsville-Beaver-Cottle Volunteer Fire Department for their memorial for the two firemen that were tragically killed in the line of duty. Moved by Joe Rapp.

Seconded by Marie Perry Parsons.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	No
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried with six voting in favor of the motion and one voting against the motion. Councilwoman Jo Heater was absent for the meeting.

A motion was made to approve the recommendation from the Planning and Zoning Commission to appoint John Harper to the Planning and Zoning Commission for a four year term. Moved by Marie Perry Parsons.

Seconded by Jeff Asbury.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

A motion was made to approve the recommendation from the Planning and Zoning Commission to appoint Dencel Moore to an

unexpired term on the Planning and Zoning Commission through 6/30/11. Moved by Mike Steadham,
Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer advised Council that he may not have been as formal as he should have been when he first presented the City grant requests for FY 2009/2010. He included the grant requests with the budget that was approved and that is the same way he sent it to the State when we approved the budget. But, he did not go through the listings so it did not specifically say in a Council meeting who was funded and the amount. We are going over each grant request and the amount they were funded through Council Contributions: MTA - $1,645; Ivy & Stone - $10,000; Old Main Foundation - $2,500; Nicholas County Senior Center (phone & asphalt) - $6,500; Nicholas County Foundation - $10,000 and Nicholas County Alive DRC - $1,000 for a total of $31,645. A motion was made to approve the grant requests as listed. Moved by Mike Steadham.
Seconded by Jeff Asbury.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

Mayor Shafer announced that the annual Thanksgiving Dinner has been scheduled on November 19, 2009 from 11:30 a.m. to 1:30 p.m. at the Senior Center for any citizen who wishes to share a Thanksgiving meal with us. Funding for this dinner will be on the next agenda and he is increasing the amount to $3,500.

The City's Halloween Block Party is scheduled on October 29, 2009 from 6:00 p.m. - 8:00 p.m. Trick or Treat will be held at the same time.

Mayor Shafer noted that the City had a very successful and well attended Potato Festival. He said he would like to give many, many kudos to the CVB. They did a fantastic job. He noted that we had gotten pretty good feedback from the parade route. The

parade route was changed this year. Next year we will try to do better in the organization of the lot. There were some things that were confusing and we apologize for that. All in all, he felt that people were thrilled having the parade spread out like that.

Mayor Shafer announced that Councilman Stephen Boone was a proud father. His wife Chrissy had a baby boy on September 11th and he was named Joseph Charles. Congratulations.

Mayor Shafer informed Council that last week the City held the bid opening for the Glade Creek Phase II-A Water Project. The contractor estimate for the project was 5.6 million dollars and some change. We opened the bids and the bids totaled 5.2 million dollars and some change. We had a deduct in our bid but it looks like we won't have to take out this deduct. We still have a few things to iron out. We have to do a revision to the Schedule B budget which Alice King and Ed Shutt are working on. This was bid out in five contracts. We are still waiting for the final Public Service Commission Certificate of Convenience and Necessity. After this is received, the City Attorney will file the rights of entry on eight or nine properties. We will then be waiting on the funding agencies to give us written authorization to award the contracts and that will not happen until October 1st. If we wait until after October 1st, the interest rates will drop. Mr. Stump will come back before Council to get the letter of recommendation approved to award the contracts and from there, it authorizes the Mayor to go to all the closings and sign all the documents on behalf of the City. It is our goal and hope that by November 1, 2009, this date is not set in concrete because anything can happen, we would really like to have the contracts awarded with the possibility the contractors could be moving dirt, weather permitting, in November. Ed Shutt, James Corbitt and the Mayor will be monitoring this project closely. Mayor Shafer stated that he was looking for some input on Phase II-B which includes Hookersville, Muddlety Valley and the remainder of the 5-A contract which runs out Rt. 55. He said we have AML funds that are still available to us for this project and there are still RUS stimulus funds out there available that we could get for this project. He asked Council if it was their wish to go forward with an application process to complete the rest of this project which would be the Glade Creek Phase II-B portion of the project. Councilman Steadham and Councilman Lackey were in agreement to move forward with the project and provide more services to more people. Mayor Shafer said we would move forward with the application process and then bring it back to Council for approval.

Mayor Shafer advised that the Finance Department received an email from our health insurance carrier EBS. The City has a fund that we self insure deductible on our health insurance. We were told by EBS that we should maintain about $300,000 in that

account. If we make our deposit this month, we will have approximately $700,000 in that account. The insurance company sent the City a notice that we are over-funding that portion of our portfolio from our health insurance standpoint. They are recommending the City to discontinue, at least for a period of time, making those payments due to the over-funding of that account. They are also recommending that we, in turn, pay some of our next monthly installments out of this money to bring the account back down to what they call a more correct balance. Mayor Shafer said maybe what we should do is, for the interim, just suspend it all for six months and see what happens and then go back in with something new. Maybe we could just correspond with them and tell them that is what we want to do. This money will still be in the contractual budget. This item will be added to the next agenda.

Councilman Rapp noted that the fence in the parking lot and the sidewalk in front of the building looked really nice. Recorder Parsons said the new sign on the front of the building looked very nice. Councilman Rapp asked if the City could get a few sidewalks done up McKees Creek Road. He said there are about six sections that are in bad shape. Mayor Shafer advised that the Street Department was backed up at this time. He didn't know if it was something they could get to before winter. He said at this time they have about thirteen major projects that need to be completed. He asked Councilman Rapp to fill out a work order so we can get it on the list.

Mayor Shafer stated that the first meeting in October is a holiday (Columbus Day). John Stump informed us before that there is a law that you can't conduct business; you probably can't ratify what he wants done on a holiday. At the next meeting we will probably move the first meeting in October to the 13th or some other day. He will check with John on this matter.

A motion was made to adjourn the meeting at 7:45 p.m. Moved by Mike Steadham.

Seconded by Joe Rapp.

The vote was as follows:

Stephen Boone	Yes
Kenny Baker	Yes
Jeff Asbury	Yes
Mike Steadham	Yes
John Lackey	Yes
Joe Rapp	Yes
Marie Perry Parsons	Yes

The motion carried by unanimous vote of all members present. Councilwoman Jo Heater was absent for the meeting.

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 12-Nov-09

ISSUE: Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A (USDA)

ADDRESS: 400 North Broad Street, Summersville, WV 26651 COUNTY: Nicholas

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 12-Nov-09

CLOSING DATE: 12-Nov-09

ISSUE AMOUNT: $2,299,240

RATE: NA

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE NA

1ST DEBT SERVICE AMOUNT NA

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: First Community Bank
Contact:
Phone:

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Robert L. Shafer
Position: Mayor
Phone: 304.872.1211

OTHER:
Agency: United States Department of Agriculture
Contact: Teresa Miller
Position: Rural Development Specialist
Phone: 304.252.8644

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

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

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2009 A Bonds Reserve Account. Payments into the Series 2009 A Bonds Reserve Account will commence 24 months following the date hereof.

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

23A

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 12-Nov-09

ISSUE: Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (USDA)

ADDRESS: 400 North Broad Street, Summersville, WV 26651 COUNTY: Nicholas

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 12-Nov-09

CLOSING DATE: 12-Nov-09

ISSUE AMOUNT: $112,466

RATE: NA

1ST DEBT SERVICE DUE: NA

1ST PRINCIPAL DUE NA

1ST DEBT SERVICE AMOUNT NA

PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm:
Contact:
Phone:

CLOSING BANK:
Bank: First Community Bank
Contact:
Phone:

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Robert L. Shafer
Position: Mayor
Phone: 304.872.1211

OTHER:
Agency: United States Department of Agriculture
Contact: Teresa Miller
Position: Rural Development Specialist
Phone: 304.252.8644

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

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

NOTES: Monthly debt service payments will be made directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2009 B Bonds Reserve Account. Payments into the Series 2009 B Bonds Reserve Account will commence 24 months following the date hereof.

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

23B

USDA Rural Development

United States Department of Agriculture
Rural Development
West Virginia State Office

July 7, 2008

The Honorable Robert Shafer, Mayor
City of Summersville
P.O. Box 525
Summersville, West Virginia 26651

Dear Mayor Shafer:

This letter, with Attachments 1 through 9 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of $2,299,240, an RUS grant in the amount of $858,294, a 2007 Farm Bill RUS loan in the amount of $112,466 and other funding in the amount of $2,982,000, for a total project cost of $6,252,000. The other funding is planned in the form of grants from the Small Cities Block Grant Program, the WV Infrastructure & Jobs Development Council and the Abandoned Mine Lands Program.

The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you. The interest rate will be the lower of the rate in effect at the time of loan approval or the time of loan closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. All parties may access our web-site located at www.usda.gov/rus/water/ for the following:

a. RUS Instruction 1780
b. RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance"

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202)720-6382 (TDD).

c. RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement"
d. RUS Bulletin 1780-31, "Water Programs Compliance Supplement For OMB Circular A-133 Audits"

Government Auditing Standards (Revision 2007) (Accountant Copy) may be accessed at www.gao.gov/govaud/ybk01.htm.

The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

Attachment No. 1 – Project Construction Budget (All Copies)
Attachment No. 2 – Water and Waste Processing Checklist
Attachment No. 3 – Water Users Agreement
Attachment No. 4 – Declination Statement (Applicant and Attorney Copies)
Attachment No. 5 – Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way" (Attorney Copy)
Attachment No. 6 – Sample Credit Agreement (Applicant Copy)
Attachment No. 7 – Form RD 1927-9, "Preliminary Title Opinion" (Attorney Copy)
Attachment No. 8 – Form RD 1927-10, "Final Title Opinion" (Attorney Copy)
Attachment No. 9 – Various other RD forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Fund Usage – Funds obligated under the terms of this letter of conditions are committed on the basis that your project will proceed to the construction stage in an expedient manner. In accordance with RUS Staff Instruction 1782-1, Section 1782.20(u)(5), any funds not disbursed within 60 months from the date of obligation will be de-obligated and returned to the Department of Treasury for further disposition to other RUS project applicants. In the event that USDA determines that your project has not progressed within the five (5) year timeline and that funds will be recaptured, you will be given appeal rights and due process to document reasons why you believe the decision to de-obligate your project funds is not justified.

2. Loan Repayment – The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 3.625% interest rate and a monthly amortization factor of .00405, which provides for a monthly payment of $9,768. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your

authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

You are reminded that your authority may be required to refinance (graduate) the unpaid balance of its RUS loan, in whole or in part, upon the request of RUS if at any time it shall be determined the authority is able to obtain a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods or time.

3. Security – The loan must be secured by a statutory lien of shared first priority, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond ordinance which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.

4. Users – This conditional commitment is based upon you providing evidence that you will have at least 1,800 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 225 signed user agreements and a signed certification from you that identifies and attests to the number of users actually connected to and using the City's existing water system, which is to be enlarged by the new system, at the time you request authorization to advertise the proposed project for construction bids.

   The enclosed Water Users Agreement will be used. Each user signing an agreement must make a user contribution of $100. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the City should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records

evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and currently using the system.

5. Bond Counsel Services – The services of a recognized bond counsel are required. The bond counsel will prepare the form of ordinance to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.

6. Engineering Services – It will be necessary for you to obtain the services of an engineer. EJCDC No. 510-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (2002 Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

7. Legal Services – It will be necessary for you to obtain the services of a local attorney. For your convenience "RUS Legal Services Agreement" is enclosed for your use.

8. Accounting Services – It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:

    a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).

    b. Prior to loan/grant closing, your accountant must certify that the accounts and records as required by your bond ordinance have been established and are operational.

    The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

    RUS regulations outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your

City. The booklets, "Government Auditing Standards (Revised 2007)", and RUS Bulletins 1780-30 and 1780-31 outline audit requirements. You may gain access to these documents utilizing the website information provided on pages 1 and 2 of this letter.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends $500,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

9. Facility Control – Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:

   a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.

   b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the City already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.

   c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

   d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions. The attorney's legal opinion should include a certification that all requirements

of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and West Virginia State Code Chapter 54 have been met in the acquisition of both real property and rights-of-way. Such requirements may include, but are not limited to, distributing informational material to all affected property owners, and completing appraisals of the affected properties.

e. On the day of loan closing, the City's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the City has already acquired real property(s) (land or facilities), the City's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.

10. Permits – Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:

-West Virginia Department of Highways
-Railroads
-Department of Environmental Protection
-State Department of Health
-Corps of Engineers
-Public Land Corporation

11. Public Service Commission Approvals and Rates – You must determine that the Certificate of Convenience and Necessity which you now have from the Public Service Commission of West Virginia is adequate to cover the entire area to be served by the proposed system. If it is not adequate, a new certificate must be obtained and a copy provided for RUS. If it is determined the City's present certificate is adequate, the City must properly develop, adopt, and promulgate the required rates in accordance with the applicable provisions of Article I, Chapter 24 of the Code of West Virginia, as amended, and to the satisfaction of your bond counsel. The rate ordinance as adopted must include, as a minimum, all the rate related items (everything except project costs section, the use analysis section, and the operation and maintenance expense breakdown section) contained in the attached project construction budget (Attachment No. 1). The draft rate ordinance must be provided for RUS review and concurrence prior to its adoption.

12. Insurance and Bonding Requirements – Prior to loan closing or start of construction, whichever occurs first, you must acquire the types of insurance and bond coverage shown below. The use of deductibles may be allowed providing you have the financial resources to cover potential claims requiring payment of the deductible. RD strongly recommends that you have your engineer, attorney,

and insurance provider(s) review proposed types and amounts of coverage, including any exclusions and deductible provisions. It is your responsibility and not that of RD to assure that adequate insurance and fidelity or employee dishonesty bond coverage is maintained.

a. General Liability Insurance – This should include vehicular coverage.

b. Workers' Compensation – In accordance with appropriate State laws.

c. Position Fidelity Bond(s) – All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. During the construction phase of your project, this maximum amount will be much greater than normal; therefore, it is our recommendation that you temporarily increase your coverage to $400,000. Once construction is complete, you may decrease the amount of your coverage. Please note that the cost of the temporary increase in coverage is an eligible project cost.

   The minimum coverage acceptable to RUS once your project is in operation will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).

d. National Flood Insurance – In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

   i. If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
   ii. Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance – Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

13. Environmental Requirements –

    a. Project Modifications – The project as proposed has been evaluated to be consistent with all applicable environmental requirements. If the project or any project element deviates from or is modified from the original approved project, additional environmental review may be required.

14. Vulnerability Assessments (VA) and Emergency Response Plans (ERP) –

Congress enacted the Public Health Security and Bioterrorism Preparedness Response Act of 2002, Public Law 107-188 (Bioterrorism Act). The Bioterrorism Act amended the Safe Drinking Water (SDWA) to require all medium and large sized community water systems (serving populations greater than 3,300) to assess vulnerability to terrorist attack and develop emergency plans for response to such an attack. Medium and large community water systems are being monitored by the U.S. EPA for completion of VA's and ERP's.

Rural Development requires all financed water and wastewater systems to have a vulnerability assessment (VA) and an emergency response plan (ERP) in place. New water or wastewater systems must provide a certification that an ERP is complete prior to the start of operations. A certification that a VA is complete must be submitted within one year of the start of operations. All other borrowers must provide a certification that a VA and ERP are complete prior to bid authorization.

You will also be required to provide a certification that the VA and ERP is complete and is current every three years after the start of operations. RD does not need or want a copy of the VA or ERP. The requested certification will be sufficient to meet our needs. Technical assistance providers are available to provide you with on site assistance if desired.

15. Civil Rights & Equal Opportunity – You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

Section 504 of the Rehabilitation Act of 1973 – Under section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving RD financial assistance.

Civil Rights Act of 1964 – All borrowers are subject to, and facilities must be operated in accordance with, title VI of the Civil Rights Act of 1964 (42 U.S.C.

2000d et seq.) and subpart E of part 1901 of this title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this title.

The Americans with Disabilities Act (ADA) of 1990 – This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, State and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by State and local public entities which provides services, programs and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities which accommodate the public.

Age Discrimination Act of 1975 – This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

RD financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Contract Documents, Final Plans and Specifications –

a. The contract documents should consist of the following:

(1) EJCDC Document No. C-521, 2002 Edition, "Suggested Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. C-710, 2002 Edition, "Standard General Conditions of the Construction Contract – Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.

(2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance (September 10, 2003 Version)," is enclosed for use by your engineer in the preparation of the contract documents. You may gain access to these documents utilizing the website information provided on pages 1 and 2 of this letter.

b. The contract documents must provide, as a minimum, the following insurance:

(1) Liability Insurance – Personal Liability - $500,000; Property Damage - $200,000 - $200,000. This coverage must include indemnification of the City and its engineer. EJCDC Document C-710, "Standard General Conditions of the Construction Contract" (Funding Agency Edition) and Exhibit G to RUS Bulletin 1780-26, "Supplementary Conditions" both suggest certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

(2) Builder's Risk Insurance – On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation – In accordance with applicable State laws.

c. The contract documents and final plans and specifications must be submitted to RUS for approval.

d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.

17. State Prevailing Wage Law - You should ensure that all requirements of Article 5A of the West Virginia State Prevailing Wage Law, "Wages for Construction of Public Improvements"are met during construction of the project.

18. Interim Financing – Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 6).

19. Disbursement of Funds – The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your City, over 30 day periods. Funds will be disbursed by electronic transfer of funds.

Any RD grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account except as follows:

a. Federal grant awards (includes all federal funding sources) are less than $120,000 per year.

b. The best available interest bearing account would not be expected to earn in excess of the following:

Non-Profits
Interest earned on grant funds in excess of $250 per year will be remitted to RUS annually as required in 7 CFR 3019.

Public Bodies
Interest earned on grant funds in excess of $100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

c. The depository would require a minimum balance so high that it would not be feasible.

The City will establish a separate fund, to be known and hereafter referred to as the Construction Account, with a lending institution insured by the Federal Deposit Corporation. The account shall be used solely for the purpose of paying the costs of the project as outlined in the construction budget. All funds in the account will be secured by a collateral pledge equaling at least 100% of the highest amount of funds expected to be deposited in the Construction Account. All deposits in excess of $100,000 will be secured by a collateral pledge in accordance with Treasury Circular Number 176.

The City must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.

20. Other Project Funds – Prior to advertisement for construction bids, you must provide evidence showing the approval of any other project funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the other project funds are available for expenditure. This evidence should consist of at least a letter from the funding agency stating the funds are available for expenditure.

21. At a properly called meeting, you must adopt and properly execute the following forms, and minutes showing the adoption must be provided:

Form RD 1940-1 – "Request for Obligation of Funds"
RUS Bulletin 1780-12 – "Water or Waste System Grant Agreement"
RUS Bulletin 1780-27 – "Loan Resolution (Public Bodies)"
Form RD 400-1 – "Equal Opportunity Agreement"

Form RD 400-4 – "Assurance Agreement"
Form AD 1047 – "Certification Regarding Debarment – Primary"
Form AD 1049 – "Certification Regarding Drug-Free Workplace"
Form RD 1910-11 – "Applicant Certification, Federal Collection Policies"
RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"
Standard Form LLL – "Disclosure of Lobbying Activities" (If Applicable)
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

22. The enclosed Water and Waste Processing Checklist (Attachment No. 2) outlines the items needed to complete the loan and grant docket. All the items listed must be included in the loan and grant docket when it is forwarded to the USDA – Rural Development State Office with a request for loan closing instructions to be issued.

23. Upon receipt of the loan and grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of loan approval have been satisfied, loan closing instructions will be issued. The closing instructions, a copy of which will be forwarded to you, will set forth any further requirements that must be met before the loan can be closed. When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds. RUS loan funds and would be applied as an extra payment toward the loan balance.

If the conditions set forth in this letter are not met within twelve (12) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the twelve-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,

Cheryl L. Wolfe
for RICKIE E. RICE
State Director

Enclosures

cc: Rural Development Specialist
Beckley, WV

Stafford Consultants, Inc
Consulting Engineers
1105 Mercer Street
Princeton, WV 24740

Steptoe & Johnson, PLLC
Attorneys at Law
P.O. Box 1588
Charleston, WV 25326

Gregory A. Tucker
Attorney At Law
719 Main Street
Summersville, WV 26651

Smith, Cochran & Hicks
Certified Public Accountants
405 Capital St., Suite 908
Charleston, WV 25301

Region IV PDC
425 Main St., Suite A
Summersville, WV 26651

Division of Environmental Protection
Abandoned Mine Land Program
601 57th Street
Charleston, WV 25304-2345

Bobby Lewis
WV Development Office
1900 Kanawha Blvd., East
Charleston, WV 25305-0311

TOWN OF SUMMERSVILLE

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A;
and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of First Community Bank, Summersville, West Virginia (the "Bank"), hereby certify that on November 12, 2009, the Bank received an automated transfer in the amount of $157,609.72 to the credit of the Series 2009 Construction Trust Fund, Account Number 9981177, for the Series 2009 Bonds.

WITNESS my signature on this 12th day of November, 2009.

FIRST COMMUNITY BANK

By: Tamika J. Holcomb
Its: Authorized Officer

10.06.09
878730.00007

State of West Virginia
Joe Manchin III
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

January 14, 2009

The Honorable Robert Shafer
Mayor
City of Summersville
Post Office Box 525
Summersville, West Virginia 26651

Dear Mayor Shafer:

Thank you for your application to the Small Cities Block Grant program.

Your request has been approved in the amount of $1,300,000. These funds will enable you to provide water service to the Glade Creek area.

In order to effectively use the limited dollars available, I hereby commit $200,000 from our fiscal year 2008 allocation that will immediately be available to you. The remaining $1,100,000 necessary to complete the project will be evaluated and committed in a future year allocation based on your ability to proceed forward with this project. I encourage you to expedite this project and reach its completion as quickly as possible with this funding strategy in mind. The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule.

Please contact Mr. Zachary Browning of the West Virginia Development Office at (304) 558-2234, extension 52054, to complete the necessary contract in order to proceed with your project.

I am pleased to assist with these improvements for the citizens of the City of Summersville.

With warmest regards,

Joe Manchin III
Governor

JM:zbm

west virginia department of environmental protection

Division of Land Restoration
Office Abandoned Mine Lands & Reclamation
601 57th St., SE
Charleston, WV 25304-2345
Phone 304-926-0485 / Fax 304-926-0458

Joe Manchin III, Governor
Stephanie R. Timmermeyer, Cabinet Secretary
www.wvdep.org

May 18, 2007

Mr. Stanley Adkins
City of Summersville
400 No. Broad Street
Summersville, West Virginia 26651

Re: McMillion Cks, Hookersville, Muddlety, Spruce Run Waterline Extension
ID# 276

Dear Mr. Adkins:

The Office of Abandoned Mine Lands and Reclamation is pleased to inform you that approval was granted at the May 18, 2007, meeting of the Water Supply Systems Advisory Council to commit funds to the McMillion Creeks, Hookersville, Muddlety, Spruce Run Waterline Extension Project out of our 2010 grant year funding projection. Based on the feasibility study conducted by Terradon Corporation, the agency is able to contribute $1,749,762.00 for project construction.

This commitment represents the total amount that this office will grant to the project. It is made with the assumption that funding in the 2010 grant year remains at projected levels. Should funding be reduced, you will be notified of any necessary changes in the funding scenario.

Finally, should it become apparent that your project will not be ready to draw on our funds during the assigned grant year, your project will retain this commitment, but may be moved to a subsequent grant year. It is the agency's goal to utilize all of the money in each grant year for construction of projects that benefit the West Virginia citizens.

If you have any questions or would like to discuss the steps necessary to complete your particular project, please contact Cliff Whyte, P.E. at (304) 926-0499, Ext. 1474. We look forward to working with you in bringing this project to reality!

Sincerely,

Charles J. Miller

Charles J. Miller, Assistant Director
Office of Abandoned Mine Lands & Reclamation

CJM/cdw

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated July 14, 2008 between

Summersville, City of

a public corporation organized and operating under

Chapter 8 Article 20 WV Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of **$ 6,252,000** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 5,393,706** of the development cost through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of **$ 5,393,706** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 858,294** or **13.73%** percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not to exceed **13.73%** percent of the development costs, as defined by applicable Rural Utilities Service Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes of service, adopted by resolution dated July 14, 2008, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

All that real property associated with the City of Summersville water and wastewater system.

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of $5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.
[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than $5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of $5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need need for the equipment.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated an fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

(e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland ``Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of $100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:
[Revision 1. 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term ``facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed **$858,294.00**. which it will advance to Grantee to meet not to exceed **13.73%** percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

Mayor

and attested and its corporate seal affixed by its duly authorized

Attest:

By: Marie Perry Parsons

(Title) Recorder

By: Robert Shafer

Robert Shafer

(Title) Mayor

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Tracey Rowan (Title)

IC-2
(7/09)

GRANT AGREEMENT
(2003W-735)

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the TOWN OF SUMMERSVILLE (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $372,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit B attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources. The Project budget shall not be amended unless the Governmental Agency has received the prior written consent of the Council.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority. Unless agreed to by the Council prior to the commencement of construction, the Grant shall be the last dollars expended on the Project.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Authority shall wire the approved requisition amount using the wiring instructions provided in Exhibit A, unless the Council and Authority are provided replacement instructions in writing.

5. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit B.

6. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

7. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

8. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

9. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

TOWN OF SUMMERSVILLE
By: _____
Its: Mayor
Date: November 12, 2009

(SEAL)

Attest:
_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: November 12, 2009

(SEAL)

Attest:
_____
Its: Secretary-Treasurer

{C1612102.1}

[To Be Placed on Letterhead]

Exhibit A

Wiring Instructions

November 12, 2009

Town of Summersville
400 North Broad Street
Summersville, West Virginia 26651

Payor:	West Virginia Water Development Authority
Source:	Grant Proceeds
Amount:	$0.00
Date:	November 12, 2009
Form:	Electronic Funds Transfer
Payee:	Town of Summersville
Bank Name:	First Community Bank
Bank Street Address:	874 Broad Street, Summersville, West Virginia 26651
Bank Contact:	Pamela Holcomb
Telephone:	304.872.4402
Routing No.:	051501299
Account No.:	9981177
Account Name:	City of Summersville Glade Creek Water

Exhibit B

Project Description

The Project consists of construction of waterline extensions at or near the City of Summersville in the Glade Creek area.

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **November 12, 2009**

Re: **Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 A; and Combined Waterworks and Sewerage System Revenue Bonds, Series 2009 B (United States Department of Agriculture)**

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1. DISBURSEMENTS TO THE TOWN OF SUMMERSVILLE

Payor:	United States Department of Agriculture
Source:	Series 2009 A Bonds Proceeds
Amount:	$45,143.72
Form:	Wire Transfer
Payee:	Town of Summersville
Bank:	First Community Bank
Routing No.	051501299
Account No.	9981177
Contact:	Pamela Holcomb 304.872.4402
Account:	City of Summersville Glade Creek Water

Payor:	United States Department of Agriculture
Source:	Series 2009 B Bonds Proceeds
Amount:	$112,466.00
Form:	Wire Transfer
Payee:	Town of Summersville
Bank:	First Community Bank
Routing No.	051501299
Account No.	9981177
Contact:	Pamela Holcomb 304.872.4402
Account:	City of Summersville Glade Creek Water

Clarksburg, WV • Charleston, WV • Morgantown, WV • Martinsburg, WV • Wheeling, WV
Huntington, WV • Columbus, OH

TERRALEX

Payor:	West Virginia Infrastructure Fund
Source:	West Virginia Infrastructure Fund Grant
Amount:	$0.00
Form:	Wire Transfer
Payee:	Town of Summersville
Bank:	First Community Bank
Routing #:	051501299
Account:	9981177
Contact:	Pamela Holcomb 304.872.4402
Account:	City of Summersville Glade Creek Water

10.08.09
878730.00007

CH5269300

Requisition No: Sixteen (16)

RESOLUTION OF THE CITY OF SUMMERSVILLE APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED GLADE CREEK WATER PHASE IIA PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, The City of Summersville has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Glade Creek Water Phase IIA Project funded in part by a HUD Small Cities Community Development Block Grant, a USDA Rural Development Grant, a USDA Rural Development Loan and a West Virginia DEP Abandoned Mine Lands Grant (AML), and finds as follows:

a) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore made.

b) That each item for which the payment is proposed to be paid 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.

d) That payment for each of the items proposed is due and owing as the date hereof.

WHEREAS, City of Summersville will deposit the SCBG, USDA Rural Development Grant/loan proceeds, DEP AML Grant and or Interim Financing into the Construction Account and will apply said proceeds to the payment of eligible construction invoices received by City of Summersville. City of Summersville will provide HUD, USDA and DEP with copies of said construction invoices.

NOW, THEREFORE, BE IT RESOLVED by the City of Summersville as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

VENDOR	INVOICE AMOUNT	HUD SCBG	USDA Grant & Loan	DEP AML
ADMINISTRATION				
Region 4 PDC 425 Main Street, Summersville, WV 26651 Administration Aug. 09	**4,446.42**	**4,446.42**	**0.00**	**0.00**
TECHNICAL SERVICES ENGINEERING				
Stafford Consultants, Incorporated P.O. Box 5849, Princeton, WV 24740 Invoice 657815002 dated 9/10/09 Bidding 90% complete $43,800.00	**43,800.00**	**0.00**	**43,800.00**	**0.00**
LEGAL AND FISCAL – ATTORNEY				
Gregory A. Tucker, PLLC 719 Main Street, Summersville, WV 26651 Invoice #10050 – 80%	**22,911.14**	**0.00**	**22,911.14**	**0.00**
SITES AND OTHER LANDS				
City of Summersville P.O. Box 525, Summersville, WV 26651 Land Acquisition Purchase $60,000.00 Power to site – Invoice #2002-40026894 $ 5,963.58 Surveying tank site $ 210.00	**66,173.58**	**0.00**	**66,173.58**	**0.00**
Gregory A. Tucker, PLLC 719 Main Street, Summersville, WV 26651 Tank Site Acquisition/Rights of Entry	**2,725.00**	**0.00**	**2,725.00**	**0.00**
BOND COUNSEL				
Steptoe & Johnson PLLC Attorneys at Law P.O. Box 1588, Charleston, WV 25326 Bond Counsel fee and out-of-pocket expenses	**22,000.00**	**0.00**	**22,000.00**	**0.00**
TOTAL	**$162,056.14**	**$4,446.42**	**$157,609.72**	**$0.00**

ADOPTED BY THE CITY OF SUMMERSVILLE, at the meeting held on the 13th of October 2009.

City of Summersville

By: _____
Robert L. Shafer, Mayor

City of Summersville

By: _____
Marie Perry Parsons, Recorder

USDA-RD
Form RD 440-11
(Rev. 10-00)

ESTIMATE OF FUNDS NEEDED
FOR
30-Day Period Commencing
10/13/2009

FORM APPROVED
OMB NO. 0575-0015

Name of Borrower City of Summersville Glade Creek Water Phase IIA Project

Items	Amount of Funds
Development	$
Construction Contract No. 1	
Construction Contract No. 2	
Contract or Job No.	
Lands and Rights-of-Way	68,898.58
Legal Services	22,911.14
Engineering	43,800.00
Interest	
Equipment	
Contingencies	
Refinancing	
Accounting	
Other Bond Counsel	22,000.00
TOTAL	$ 157,609.72

Prepared by Robert L. Shafer, Mayor, City of Summersville
Name of Borrower

By Robert L Shafer

Date 10/13/2009

Approved by Tracey Rowan

Date 11/9/09

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0015. The time required to complete this information collection is estimated to average 1 hour pr response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

SWEEP RESOLUTION

Town of Summersville

WHEREAS, The Town of Summersville (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly administrative fees debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly administrative fees debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer by the State Treasurer from the accounts set forth in Exhibit A to the extent funds are available in such form and at such directions as are provided by the MBC.

2) The Mayor and Recorder are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 12th day of November, 2009.

Robert T. Shafer

Mayor

PSC 09- 0564-W-CN

PWSID: WV3303404

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL & WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

RECEIVED
MAY 08 2009
STAFFORD CONSULTANTS

(Water)
PROJECT: Glade Creek-Phase IIA Water Extensions **PERMIT NO.:** 18,304

LOCATION: near Summersville **County:** Nicholas **DATE:** 5-5-2009

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

City of Summersville
P. O. Box 525
Summersville, West Virginia 26651

is hereby granted approval to: install approximately 10,380 LF of 12", 10,960 of 10", 67,334 LF of 8", 23,138 LF of 6" and 15,420 LF of 2" water mains; one (1) 100,000 gallon water storage tank with telemetry; and all necessary valves, controls and appurtenances.

Facilities are to serve 322 customers in the Lower Creek Road, Armstrong Road, Tanglewood Road, Marie Estates, Muddlety Creek Old Rt. 19, Phillips Run Hookersville, Spruce Run, Muddlety Valley and McMillion Creek areas.

NOTE: **This permit is contingent upon: 1) All new water line and the new water storage tank being disinfected flushed and bacteriologically tested, prior to use; and 2) Enclosing the new 100,000 gallon tank with a minimum six (6) feet high fence with a lockable gate.**

The Environmental Engineering Division of the **OEHS-Beckley District Office, (304) 256-6666,** is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:cls
pc: Stafford Consultants Inc.
James W. Ellars, P.E., PSC
Amy Swann, PSC
Nicholas County Health Department
OEHS-EED Beckley District Office

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

NOTE ORDINANCE

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TOWN OF SUMMERSVILLE

CONFORMED NOTE ORDINANCE

ORDINANCE AUTHORIZING THE COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

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 "Note Legislation"), is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the completion of the acquisition and construction of a new water treatment plant, connection of the new plant to the System and a raw water intake on Summersville Lake together with all necessary appurtenances (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. Based on bids, the Project was budgeted to cost $11,000,000 of which $4,661,505 was obtained from the proceeds of the Series 2002 A Bonds, as hereinafter defined, $2,388,495 was obtained from the proceeds of the Series 2002 B Bonds as hereinafter defined, $1,500,000 was obtained from proceeds of an Appalachian Regional Commission grant, $1,500,000 was obtained from proceeds of a U.S. Economic Development Administration grant and $950,000 was obtained as a contribution from the Issuer.

D. Due to cost overruns, the total cost of the Project has been revised to $12,300,000 of which $4,661,505 was obtained from the proceeds of the Series 2002 A Bonds, $2,388,495 was obtained from the proceeds of the Series 2002 B Bonds, $1,500,000 was obtained from proceeds of an Appalachian Regional Commission grant, $1,500,000 was obtained from proceeds of a U.S. Economic Development Administration grant, $950,000 was obtained as a contribution from the Issuer and an addition amount not to exceed $1,300,000 will be temporarily obtained from the proceed of the Series 2009 A Notes. The majority of the Project has been completed as contemplated in the Bond Ordinance of the Issuer dated December 18, 2002 authorizing the Series 2002 A Bonds and the Series 2002 B Bonds.

E. The cost of completion of the Project is $1,300,000 a portion of which will be temporarily obtained from the proceeds of the Series 2009 A Notes, which notes will be paid from proceeds of future bonds expected to be issued to the Authority on behalf of the West Virginia Infrastructure & Jobs Development Council.

F. The Issuer shall issue future bonds in an amount necessary to pay the Series 2009 A Notes at or before maturity.

G. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority), in the total aggregate principal amount of not more than $1,300,000 (the "Series 2009 A Notes"), to be initially represented by a single note, to temporarily finance the costs of the Project. The costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; capitalized interest, if any, on the Series 2009 A Notes; 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 and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2009 A Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the Project, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 A Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

I. It is in the best interests of the Issuer that its Series 2009 A Notes be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

I. There are outstanding obligations of the Issuer which are secured by the Net Revenues of the System, being the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265 (the "Series 2007 A Bonds"); (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000 (the "Series 2007 B Bonds"); (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505 (the "Series 2002 A Bonds"); (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495 (the "Series 2002 B Bonds"); (5) Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000 (the "Series 1998 A Bonds"); (6) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (7) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848 (the "Series 1990 A Bonds"); and (8) Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000 (the "Series 1977 Bonds") (collectively, the "First Lien Bonds") and (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651 (the "Series 1991 B Bonds"); and (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152 (the "Series 1990 B Bonds") (collectively, the "Second Lien

Bonds") The First Lien Bonds and the Second Lien Bonds are hereinafter collectively called the "Prior Bonds." The Prior Bonds are secured by Net Revenues of the System.

The Series 2009 A Notes are secured by future revenue bonds of the Issuer and Surplus Revenues. The Series 2009 A Notes have no lien on Net Revenues or Gross Revenues of the System. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

J. 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 costs of operation and maintenance of the System, and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances (as hereinafter defined).

K. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the Project and the System and issuance of the Series 2009 A Notes, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining approval from the Public Service Commission of West Virginia by final order.

L. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council pursuant to Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Note Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 A Notes by the Registered Owners of the same from time to time, this Note Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Notes.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 1 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 and Registered Owner of the Series 2009 A Notes, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

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

"Bonds" means, collectively, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"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.

"Closing Date" means the date upon which there is an exchange of the Series 2009 A Notes for all or a portion of the proceeds of the Series 2009 A Notes from the Authority.

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

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

"Consulting Engineers" means any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System, or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

"First Lien Bonds" means the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds, Series 1990 A Bonds and Series 1977 Bonds.

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

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

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

"Grant" means any Grant received by the Issuer for the Project.

"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 Revenue" 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 Note Legislation.

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

"Issuer" means the Town of Summersville, a municipal corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the loan agreement heretofore entered, or to be entered into by and between the Issuer and the Authority, providing for the purchase of the Series 2009 A Notes, the form 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 2009 A Notes, plus accrued interest and premium, if any, less original issue discount, if any.

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

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

"Notes" means, collectively, the Series 2009 A Notes and, where appropriate, any notes on a parity therewith subsequently authorized to be issued hereunder or by any other ordinance of the Issuer.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent or Paying Agents, payments to the pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principals; provided, that "Operating Expenses" does not include payments on account of principal of

or redemption, if any, or interest on the Notes, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of the capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent for the Series 2009 A Notes by the Issuer in the Supplemental Resolution with the written consent of the Authority.

"Prior Bonds" means, collectively, the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds, Series 1991 B Bonds, Series 1990 A Bonds, Series 1990 B Bonds and Series 1977 Bonds.

"Prior Ordinances" means, collectively, the ordinances of the Issuer authorizing the Prior Bonds.

"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 Project as described in Section 1.02B hereof.

"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, 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, or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above, or fully insured by FDIC with member banks of the Federal Reserve System 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of

1931, as amended including, without limitation, authorized pools of investments operated by such State Board of Investments.

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

"Recorder" means the Recorder of the Issuer.

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

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

"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 Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Prior Bonds.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Second Lien Bonds" means the Series 1991 B Bonds and the Series 1990 B Bonds.

"Series 2007 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), dated May 15, 2007, issued in the original aggregate principal amount of $8,682,265.

"Series 2007 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), dated May 15, 2007, issued in the original aggregate principal amount of $2,000,000.

"Series 2002 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original aggregate principal amount of $4,661,505.

"Series 2002 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original aggregate principal amount of $2,388,495.

"Series 1998 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated January 6, 1998, issued in the original aggregate principal amount of $639,000.

"Series 1991 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 A (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057.

"Series 1991 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,651.

"Series 1990 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $281,848.

"Series 1990 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,152.

"Series 1977 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1977 (United States Department of Agriculture), dated August 4, 1981, issued in the original aggregate principal amount of $290,000.

"Series 2009 A Notes" means the Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), of the Issuer, authorized by this Ordinance.

"Series 2009 A Notes Trust Fund" means the Series 2009 A Notes Trust Fund established by Section 5.01 hereof.

"Series 2009 A Notes Sinking Fund" means the Series 2009 A Notes Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 A Notes and the Prior Bonds.

"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 resolution authorizing the sale of the Series 2009 A Notes; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2009 A Notes, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Note Legislation or the Prior Ordinances to be set aside and held for the payment of or security for the Notes or any other obligations of the Issuer, including, without limitation the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

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

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

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

ARTICLE II

AUTHORIZATION OF THE PROJECT

Section 2.01. Authorization of the Project. Based on bids, the Project was budgeted to cost $11,000,000 of which $4,661,505 was obtained from the proceeds of the Series 2002 A Bonds, as hereinafter defined, $2,388,495 was obtained from the proceeds of the Series 2002 B Bonds as hereinafter defined, $1,500,000 was obtained from proceeds of an Appalachian Regional Commission grant, $1,500,000 was obtained from proceeds of a U.S. Economic Development Administration grant and $950,000 was obtained as a contribution from the Issuer.

Due to cost overruns, the total cost of the Project has been revised to $12,300,000 of which $4,661,505 was obtained from the proceeds of the Series 2002 A Bonds, $2,388,495 was obtained from the proceeds of the Series 2002 B Bonds, $1,500,000 was obtained from proceeds of an Appalachian Regional Commission grant, $1,500,000 was obtained from proceeds of a U.S. Economic Development Administration grant, $950,000 was obtained as a contribution from the Issuer and an addition amount not to exceed $1,300,000 will be temporarily obtained from the proceed of the Series 2009 A Notes. The majority of the Project has been completed as contemplated in the Bond Ordinance of the Issuer dated December 18, 2002 authorizing the Series 2002 A Bonds and the Series 2002 B Bonds.

There is hereby authorized and ordered completion of the Project at an estimated cost of not to exceed $12,300,000 of which $4,661,505 was obtained from the proceeds of the Series 2002 A Bonds, $2,388,495 was obtained from the proceeds of the Series 2002 B Bonds, $1,500,000 was obtained from proceeds of an Appalachian Regional Commission grant, $1,500,000 was obtained from proceeds of a U.S. Economic Development Administration grant, $950,000 was obtained as a contribution from the Issuer and an addition amount not to exceed $1,300,000 will be temporarily obtained from the proceed of the Series 2009 A Notes. The proceeds of the Series 2009 A Notes hereby authorized shall be applied as provided in Article VI hereof.

ARTICLE III

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

Section 3.01. Authorization of Notes. For the purposes of capitalizing interest on the Series 2009 A Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 A Notes and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2009 A Notes of the Issuer. The Series 2009 A Notes shall be issued as a single note, designated "Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority)", in the principal amount of not more than $1,300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 A Notes remaining after capitalizing interest on the Series 2009 A Notes, if any, shall be deposited in or credited to the Series 2009 A Notes Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Notes. The Series 2009 A Notes shall be issued in such principal amounts; shall bear interest, at such rate or rates, not exceeding the then legal maximum rate, 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2009 A Notes 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 Series 2009 A Notes shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the 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 Series 2009 A Notes shall initially be issued in the form of a single note, fully registered to the Authority, representing the aggregate principal amount of the Series 2009 A Notes, and shall mature in 36 months with principal payable upon maturity, all as provided in the Supplemental Resolution. The Series 2009 A Notes shall be exchangeable at the option and expense of the Registered Owner for another fully registered Note or Notes of the same series in aggregate principal amount equal to the amount of said Notes then Outstanding and being exchanged, provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Notes. The Series 2009 A Notes 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 the Series 2009 A Notes shall cease to be such officer of the Issuer before the Series 2009 A Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Series 2009 A Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Notes shall hold the proper office in the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Registrar for the Series 2009 A Notes shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 A Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Note Legislation unless and until the Certificate of Authentication and Registration on such Note, substantially in the form set forth in Section 3.10 hereof, shall have been manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Note Legislation. The Certificate of Authentication and Registration on any Series 2009 A Note shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Notes issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 A Notes 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 the Series 2009 A Notes shall be conclusively deemed to have agreed that such Notes 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 Notes shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2009 A Notes remain outstanding, the Issuer, through the Registrar or its agent, shall keep and maintain books for the registration and transfer of such Notes.

The registered Series 2009 A Notes shall be transferable only upon the books of the 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 Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2009 A Notes or transferring the registered Series 2009 A Notes are exercised, all Series 2009 A Notes shall be delivered in accordance with the provisions of this Note Legislation. All Series 2009 A Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Registrar.

For every such exchange or transfer of Series 2009 A Notes, the 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 Note upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Registrar shall not be obliged to make any such exchange or transfer of Series 2009 A Notes during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2009 A Notes or, in the case of any proposed redemption of Series 2009 A Notes, next preceding the date of the selection of Notes to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Notes Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 A Note shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Note of the same series and of like tenor as the Notes so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note, upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for the Note 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 Registrar may incur. All Notes so surrendered shall be cancelled by the Registrar and held for the account of the Issuer. If any such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Notes not to be Indebtedness of the Issuer. The Series 2009 A Notes shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from future revenue bonds of the Issuer and Surplus Revenues of the System as herein provided. No holder or holders of the Series 2009 A Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Notes or the interest thereon.

Section 3.08. Notes Secured by Pledge of Future Bond Proceeds and Surplus Revenues. The payment of the debt service of all Series 2009 A Notes shall be secured by a first lien on the future bond proceeds received subsequent to the issuance of the Series 2009 A Note to permanently finance the Project and Surplus Revenues derived from the System. Unless the Series 2009 A Notes are repaid, the Issuer shall not issue additional debt secured by either the Net or Surplus Revenues of the System without the prior written consent of the Authority.

Section 3.09. Delivery of Notes. The Issuer shall execute and deliver the Series 2009 A Notes to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2009 A Notes to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2009 A Notes are to be registered upon original issuance, together with such taxpayer identification

and other information as the Registrar may reasonably require;

B. A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2009 A Notes to the original purchasers;

C. An executed and certified copy of the Note Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2009 A Notes.

Section 3.10. Form of Series 2009 A Notes. The text of the Series 2009 A Notes shall be in substantially the following form, 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 2009 A NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM
BOND ANTICIPATION NOTE, SERIES 2009 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ___day of _____, 2009, the TOWN OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), on _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference on the maturity date of _____, 2012.

This Note shall bear interest at the rate of 3.00%. The interest only installments shall run from the original date of delivery of this Note to the Authority and payment therefor, and until payment of such installment, such interest shall be payable quarterly on January 1, April 1, July 1 and October 1 in each year, beginning _____ 1, 2009 to and including _____ 1, 2012. The principal installment of this Note is payable in any coin or currency which, on the maturity date, _____, 2012, 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 Note 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 The Huntington National Bank, 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 Note 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 _____, 2009.

This Note is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of completion of the acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay capitalized interest on the Series 2009 A Notes for a period not to exceed three years; and

(iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Ordinance duly enacted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM. THIS NOTE IS SECURED BY FURURE REVENUE BONDS OF THE ISSUER AND SURPLUS REVENUES.

THE ISSUER HAS OUTSTANDING BONDS WHICH ARE SECURED BY THE NET REVENUES OF THE SYSTEM BEING THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,682,265 (THE "SERIES 2007 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "SERIES 2007 B BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,661,505 (THE "SERIES 2002 A BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,388,495 (THE "SERIES 2002 B BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 6, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $639,000 (THE "SERIES 1998 A BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $790,057 (THE "SERIES 1991 A BONDS"); (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $281,848 (THE "SERIES 1990 A BONDS"); AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 4, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 1977 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND

(9) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,651 (THE "SERIES 1991 B BONDS"); AND (10) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,152 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS") THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Note is payable only from and secured by a first lien on the proceeds of bonds issued by the Issuer subsequent to the issuance of the Note to permanently finance the costs of the Project and Surplus Revenues (as defined in the Note Legislation). This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, hereon, except as set forth in the Note Legislation.

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

Subject to the registration requirements set forth herein, this Note, 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 Note, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Note Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Note Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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.

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

IN WITNESS WHEREOF, THE TOWN OF SUMMERSVILLE has caused this Note to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Note to be dated as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2009 A Notes described in the within-mentioned Note Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Note and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Note on the books kept for registration of the within Note of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Notes; Approval and Ratification of Execution of Loan Agreement. The Series 2009 A Notes shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Note Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the Project, the Issuer will file with the Authority a schedule for the Series 2009 A Notes, the form of which will be provided by the Authority, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Account (established by Prior Ordinance for the Series 1977 Bonds); and

(4) Series 2009 A Notes Trust Fund

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by Prior Ordinance) with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2007 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Series 2007 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 2007 B Bonds Sinking Fund (established by the Prior Ordinances);

(4) Series 2007 B Bonds Reserve Account (established by the Prior Ordinances);

(5) Series 2002 A Bonds Sinking Fund (established by the Prior Ordinances);

(6) Series 2002 A Bonds Reserve Account (established by the Prior Ordinances);

(7) Series 2002 B Bonds Sinking Fund (established by the Prior Ordinances);

(8) Series 2002 B Bonds Reserve Account (established by the Prior Ordinances);

(9) Series 1998 A Bonds Sinking Fund (established by the Prior Ordinances);

(10) Series 1998 A Bonds Reserve Account (established by the Prior Ordinances);

(11) Series 1991 A Bonds Sinking Fund (established by the Prior Ordinances);

(12) Series 1991 A Bonds Reserve Account (established by the Prior Ordinances);

(13) Series 1991 B Bonds Sinking Fund (established by the Prior Ordinances);

(14) Series 1991 B Bonds Reserve Account (established by the Prior Ordinances);

(15) Series 1990 A Bonds Sinking Fund (established by the Prior Ordinances);

(16) Series 1990 A Bonds Reserve Account (established by the Prior Ordinances);

(17) Series 1990 B Bonds Sinking Fund (established by the Prior Ordinances);

(18) Series 1990 B Bonds Reserve Account (established by the Prior Ordinances); and

(19) Series 2009 A Notes Sinking Fund.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Note Legislation and in the Prior Ordinances 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 provided in this Note Legislation and in the Prior Ordinances. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(1) The Issuer shall next, each month, pay from monies in the Revenue Fund all current Operating Expenses.

(2) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the interest payments on the Series 1991 A Bonds and Series 1990 A Bonds as required by

the Prior Ordinances; and (ii) remit to the National Finance Office the interest payments on the Series 1977 Bonds as required by Prior Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission the principal payments on the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, as required by the Prior Ordinances; and (ii) remit to the National Finance Office the principal payments on the Series 1977 Bonds as required by Prior Ordinance.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the respective reserve accounts for the Series 2007 A Bonds, Series 2007 B Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 1998 A Bonds, Series 1991 A Bonds and Series 1990 A Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) remit to the Depository Bank for deposit in the Reserve Account the amount required by Prior Ordinance for the Series 1977 Bonds.

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

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance to pay principal on the Second Lien Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by Prior Ordinance for deposit in the respective reserve accounts for the Second Lien Bonds.

This Note has no lien on the Gross Revenues or Net Revenues of the System. The Issuer shall remit to the Commission, to the extent not paid by Surplus Revenues, the principal and interest only upon receipt of future bond proceeds issued subsequent to the issuance of the Series 2009 A Note to permanently finance the Project.

Monies in the Series 2009 A Notes Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2009 A Notes as the same shall become due.

All investment earnings on moneys in the Series 2009 A Notes Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, be deposited in the Series 2009 A Notes Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2009 A Notes, and then to the next ensuing principal payment due thereon.

The Issuer shall not be required to make any further payments into the Series 2009 A Notes Sinking Fund therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2009 A Notes issued pursuant to this Note Legislation then Outstanding and all interest to accrue until the maturity thereof.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 A Notes Sinking Fund created hereunder, and all amounts required for said account shall be remitted to the Commission by the Issuer at the times provided herein.

Monies in the Series 2009 A Notes Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 A Notes Sinking Fund shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 A Notes.

B. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission Surplus Revenues to be applied to the principal and interest with respect to the Series 2009 A Notes 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 Note Legislation.

D. 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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues which are pledged to the Series 2009 A Notes.

E. 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 their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in all funds and accounts 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.

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

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

ARTICLE VI

NOTE PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Note Proceeds; Pledge of Unexpended Note Proceeds. From the monies received from the sale of the Series 2009 A Notes, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 A Notes, there shall first be deposited with the Commission in the Series 2009 A Notes Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2009 A Notes for the period commencing on the date of issuance of the Series 2009 A Notes and ending 36 months after the date of issuance of the Series 2009 A Notes.

B. Moneys in the Series 2009 A Notes Trust Fund shall be used solely to pay the Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 2009 A Notes.

C. After completion of the Project and all costs have been paid, any remaining proceeds of the Series 2009 A Notes shall be expended as directed by the Authority.

Section 6.02. Disbursements of Series 2009 A Notes Proceeds. The Issuer shall provide the Authority with a requisition for the costs incurred on the Project, together with such documentation as the Authority shall require. Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2009 A Notes shall be made only after submission to, and approval from, the Authority of a certificate, signed by an Authorized Officer stating:

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

(ii) 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;

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

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

Pending such application, monies in the Series 2009 A Notes Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

If applicable, the Issuer shall expend all proceeds of the Series 2009 A Notes within 3 years of the date of issuance of the Authority's bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Note 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 Series 2009 A Notes. In addition to the other covenants, agreements and provisions of this Note Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2009 A Notes 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 the Series 2009 A Notes or the interest thereon is Outstanding and unpaid.

Section 7.02. Notes not to be Indebtedness of the Issuer. The Series 2009 A Notes shall not be nor constitute a corporate 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 Note Legislation. No Holder or Holders of any Series 2009 A Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2009 A Notes or the interest, if any, thereon.

Section 7.03. Notes Secured by Pledge of Future Bond Proceeds and Surplus Revenues. The payment of the debt service of the Series 2009 A Notes shall be secured by a first lien on future bond proceeds issued to permanently finance the costs of the Project and secured by Surplus Revenues.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services of the facilities of the System shall be as set forth in the water rate ordinance duly enacted on November 12, 2002 and the sewer rate ordinance duly enacted on January 28, 2002 which rates are incorporated herein by reference as a part hereof.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority.

So long as the Series 2009 A Notes are outstanding and except as otherwise required by law or with the written consent of the Authority, 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 fully pay the Series 2009 A Notes, and all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2009 A Notes, immediately be remitted to the Commission for deposit in the Series 2009 A Notes

Sinking Fund, 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 immediately apply such proceeds to the payment of principal of and interest on the Series 2009 A Notes. Any balance remaining after the payment of all the Series 2009 A Notes and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, in writing, 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, in writing, 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 the Governing Body may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. 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 be deposited in the Renewal and Replacement Fund.

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 the Bonds then Outstanding. 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. The Issuer shall not incur additional debt without paying the Series 2009 A Notes in full without the prior written consent of the Authority.

Section 7.07. Reserved.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as they may reasonably require in connection with the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project.

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

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

The Issuer shall file with the Authority, or any other original purchaser of the Series 2009 A Notes, and shall mail in each year to any Holder or Holders of the Series 2009 A Notes, 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 Note Legislation and the status of all said funds and accounts.

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

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 to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2009 A Notes and shall submit said

report to the Authority, or any other original purchaser of the Series 2009 A Notes. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the Act, the Loan Agreement and this Note Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

The Issuer shall permit the Authority, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of the Project, the Issuer shall also provide the Authority, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 7.09. Reserved.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, 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 a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, or to any Holder of any Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her within 30 days of adoption thereof and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority is sufficient to pay the costs of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. 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 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 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 the System or the water 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. If the water system is not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders thereof.

Section 7.14. 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 either 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 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2009 A 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 the 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 $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION 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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.16. Connections. The mandatory use of the sewerage portion 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 20-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 7.17. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for the issuance of the Series 2009 A Notes required by State law, with all appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 A Notes, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2009 A Notes and shall be junior and subordinate to the statutory mortgage lien in favor of the Holders of the First Lien Bonds and Second Lien Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer 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 Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 A Notes or immediately thereafter, enter into written contracts for the completion of the Project.

B. The Issuer shall list the funding as being provided by the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Note Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, 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 Note Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 except as otherwise provided herein with respect to the Rebate Fund. 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 shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Notes are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 8.02. Certificate and Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2009 A Notes as a condition to issuance of the Series 2009 A Notes. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 A Notes as may be necessary in order to maintain the status of the Series 2009 A Notes as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2009 A Notes which would cause any bonds, the interest, if any, on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority from which the proceeds of the Series 2009 A Notes are derived, to lose their status as tax-exempt

bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Note Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2009 A Notes and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 A Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2009 A Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its respective part relating to the Series 2009 A Notes set forth in this Note Legislation, any supplemental resolution or in the Series 2009 A 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 Commission, the Depository Bank, the Registrar, the Paying Agent 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; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of the Series 2009 A Notes 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 Note 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 Series 2009 A Notes; (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 Series 2009 A Notes, and (v) by action or bill in equity enjoin any acts in violation of the Note Legislation with respect to the Series 2009 A Notes, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 A Notes shall be junior and subordinate with the Holders of the Prior 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 Note Legislation and the Act, including, the completion of the Project and 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 Note 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 Notes and interest thereon and under any covenants of this Note 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 Note 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 Notes. 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 completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Notes and the curing and making good of any Event of Default with respect thereto under the provisions of this Note Legislation, and the title to and ownership of the 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

PAYMENT OF NOTES

Section 10.01. Payment of Series 2009 A Notes. The Series 2009 A Notes will be paid solely from future revenue bonds of the Issuer and Surplus Revenues.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Note Legislation. Prior to issuance of the Series 2009 A Notes, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 A Notes, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2009 A Notes, shall be made without the consent in writing of the Registered Owners of the Series 2009 A Notes so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2009 A Notes or the rate of interest, if any, 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2009 A Notes required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Note Legislation may be amended without the consent of any Bondholder 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, if any, on the Series 2009 A Notes from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of the Note Legislation should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2009 A Notes.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance 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 Nicholas Chronicle*, a newspaper published and of general circulation in the Town of Summersville, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2009 A Notes, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this 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:	September 22, 2008
Passed on Second Reading:	October 14, 2008
Passed on Final Reading Following Public Hearing:	November 10, 2008

Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Mayor

CERTIFICATION

Certified a true copy of a Conformed Ordinance duly enacted by the Council of the TOWN OF SUMMERSVILLE on the 10th day of November, 2008 and supplemented by Supplemental Resolution on February 23, 2009.

Dated: March 3, 2009.

[SEAL]

Marie Perry Parsons
Recorder

02.10.09
878730.00006

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF THE TOWN OF SUMMERSVILLE; APPROVING A CONFORMED ORDINANCE; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH NOTES AND THE SALE AND DELIVERY OF SUCH NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE NOTES.

WHEREAS, the council (the "Governing Body") of the Town of Summersville (the "Issuer") has duly and officially adopted and enacted a note ordinance, effective November 10, 2008 (the "Notes Ordinance"), entitled:

ORDINANCE AUTHORIZING THE COMPLETION OF THE ACQUISITION AND CONSTRUCTION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATER PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE TOWN OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $1,300,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2008 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND

REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH NOTES; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Notes Ordinance when used herein;

WHEREAS, the Notes Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority), of the Issuer, in the aggregate principal amount not to exceed $1,300,000 (the "Notes" or the "Series 2009 A Notes"), and has authorized the execution and delivery of a loan agreement relating to the Notes, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Notes Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Notes should be established by a supplemental resolution pertaining to the Notes; and that other matters relating to the Notes be herein provided for;

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

WHEREAS, the Notes 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, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Notes be herein provided for;

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

Section 1. Pursuant to the Notes Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2009 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Note, numbered AR-1, in the principal amount of $1,110,000. The Series 2009 A Notes shall be dated the date of delivery thereof, shall finally mature April 1, 2012, and shall bear interest at the rate of three percent (3%) per annum. The principal amount shall be payable on the maturity date of April 1, 2012, and the interest only installments shall be payable quarterly on January 1, April 1, July 1 and October 1 in each year, beginning July 1, 2009, to and including April 1, 2012 and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2009 A Notes. The Series 2009 A Notes shall be subject to redemption upon the written consent of the Authority, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2009 A Notes. The Series 2009 A Notes are secured by future revenue bonds of the Issuer and Surplus Revenues.

Section 2. All other provisions relating to the Notes and the text of the Notes shall be in substantially the form provided in the Notes Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Authority. The price of the Notes shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Notes shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar"), for the Notes under the Notes Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Notes, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, 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 designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Notes under the Notes Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking & Trust Company, Summersville, West Virginia, to serve as Depository Bank under the Notes Ordinance.

Section 7. Series 2009 A Notes proceeds in the amount of $102,490 shall be deposited in the Series 2009 A Notes Sinking Fund, as capitalized interest.

Section 8. The balance of the proceeds of the Series 2009 A Notes shall be deposited in or credited to the Series 2009 A Notes Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Notes and related costs.

Section 9. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Notes hereby and by the Notes Ordinance approved and provided for, to the end that the Notes may be delivered on or about March 3, 2009, to the Authority pursuant to the Loan Agreement.

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

Section 11. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer hereby determines to invest all monies in the funds and accounts established by the Notes Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2009 A Bonds Sinking Fund shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer hereby approves the Conformed Bond Ordinance attached hereto as Exhibit A.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 23rd day of February, 2009.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution and Conformed Ordinance duly adopted by the Council of the Town of Summersville on the 23rd day of February, 2009.

Dated: March 3, 2009.

[SEAL]

Marie Harry Paroma
Recorder

CH4993061.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM
BOND ANTICIPATION NOTE, SERIES 2009 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

$1,110,000

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That on this 3rd day of March, 2009, the TOWN OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION ONE HUNDRED TEN THOUSAND DOLLARS ($1,110,000), on April 1, 2012 as set forth on the "Debt Service Schedule" attached as EXHIBIT A hereto and incorporated herein by reference on the maturity date of April 1, 2012.

This Note shall bear interest at the rate of 3.00%. The interest only installments shall run from the original date of delivery of this Note to the Authority and payment therefor, and until payment of such installment, such interest shall be payable quarterly on January 1, April 1, July 1 and October 1 in each year, beginning July 1, 2009 to and including April 1, 2012. The principal installment of this Note is payable in any coin or currency which, on the maturity date, April 1, 2012, 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 Note 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 The Huntington National Bank, 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 Note 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 March 3, 2009.

This Note is issued to provide funds, along with other available monies of the Issuer (i) to pay the costs of completion of the acquisition and construction of certain extensions, additions, betterments and improvements to the water portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to pay capitalized interest on the Series 2009 A Notes for a period not to exceed three years; and (iii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Note is

issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Note Ordinance duly enacted by the Issuer on November 10, 2008, and a Supplemental Resolution duly adopted by the Issuer on February 23, 2009 (collectively, the "Note Legislation"), and is subject to all the terms and conditions thereof. The Note Legislation provides for the issuance of additional notes under certain conditions, and such notes would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Notes under the Note Legislation.

THIS NOTE HAS NO LIEN ON THE GROSS OR NET REVENUES OF THE SYSTEM. THIS NOTE IS SECURED BY FURURE REVENUE BONDS OF THE ISSUER AND SURPLUS REVENUES.

THE ISSUER HAS OUTSTANDING BONDS WHICH ARE SECURED BY THE NET REVENUES OF THE SYSTEM BEING THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $8,682,265 (THE "SERIES 2007 A BONDS"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), DATED MAY 15, 2007, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,000,000 (THE "SERIES 2007 B BONDS"); (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,661,505 (THE "SERIES 2002 A BONDS"); (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,388,495 (THE "SERIES 2002 B BONDS"); (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JANUARY 6, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $639,000 (THE "SERIES 1998 A BONDS"); (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $790,057 (THE "SERIES 1991 A BONDS"); (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $281,848 (THE "SERIES 1990 A BONDS"); AND (8) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1977 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 4, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $290,000 (THE "SERIES 1977 BONDS") (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND

(9) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,651 (THE "SERIES 1991

B BONDS"); AND (10) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,152 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS") THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS."

This Note is payable only from and secured by a first lien on the proceeds of bonds issued by the Issuer subsequent to the issuance of the Note to permanently finance the costs of the Project and Surplus Revenues (as defined in the Note Legislation). This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, hereon, except as set forth in the Note Legislation.

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

Subject to the registration requirements set forth herein, this Note, 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 Note, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Note Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Note Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Note.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Note, 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.

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

IN WITNESS WHEREOF, THE TOWN OF SUMMERSVILLE has caused this Note to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Note to be dated as of the date first written above.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is one of the Series 2009 A Notes described in the within-mentioned Note Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 3, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Note and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Note on the books kept for registration of the within Note of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

EXHIBIT A

DEBT SERVICE SCHEDULE

Town of Summersville				
3% Interest Rate				
Period Ending	Principal	Coupon	Interest	Debt Service
7/1/09			10,915.	10,915.
10/1/09			8,325.	8,325.
1/1/10			8,325.	8,325.
4/1/10			8,325.	8,325.
7/1/10			8,325.	8,325.
10/1/10			8,325.	8,325.
1/1/11			8,325.	8,325.
4/1/11			8,325.	8,325.
7/1/11			8,325.	8,325.
10/1/11			8,325.	8,325.
1/1/12			8,325.	8,325.
4/1/12	1,110,000.	3.000%	8,325.	1,118,325.
	1,110,000.		**102,490.**	**1,212,490.**

CITY OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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CITY OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,682,265 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

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 enacted pursuant to the provisions of Chapter 8, Article 20, Chapter 22C, Article 2, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of the expansion and improvement of the Issuer's wastewater treatment plant, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), 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 Issuer intends to permanently finance the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia State Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $10,682,265 in two series (collectively, the "Series 2007 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $8,682,265 (the "Series 2007 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), in the aggregate principal amount of not more than $2,000,000 (the "Series 2007 B Bonds"), to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2007 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); 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 and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined) for the Series 2007 B Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2007 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2007 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2007 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2007 B Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority, and the West Virginia Department of Environmental Protection (the "DEP"), both agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, (the "Series 1977 Bonds"), Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990, issued in the original principal amount of $281,848 (the "Series 1990 A Bonds"), Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057 (the "Series 1991 A Bonds"), Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000 (the "Series 1998 A Bonds"), Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), dated December 18, 2002, issued in the original principal amount of $4,661,505 (the "Series 2002 A Bonds"), and Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), dated December 18, 2002, issued in the original principal amount of $2,388,495 (the "Series 2002 B Bonds") (collectively, the "First Lien Bonds") and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152 (the "Series 1990 B Bonds"), and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671 (the "Series 1991 B Bonds") (collectively, the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are collectively hereinafter sometimes referred to as the "Prior Bonds."

Prior to the issuance of the Series 2007 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consents of the Holders of the First Lien Bonds to the issuance of the Series 2007 Bonds on a parity with the First Lien Bonds; and (iii) the written consents of the Holders of Second Lien Bonds to the issuance of the Series 2007 Bonds senior to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. 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 costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein 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 Series 2007 A Bonds and the Series 2007 B Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2007 A Bonds and the Series 2007 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, 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 Series 2007 A Bonds and the Series 2007 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20, Chapter 22C, Article 2, and Chapter 31, Article 15A 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 and Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and the Council under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

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

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

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

"Bonds" means, collectively, the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"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.

"Closing Date" means the date upon which there is an exchange of the Series 2007 A Bonds and the Series 2007 B Bonds for all or a portion of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means ATS Engineering, Inc., West Chester, Ohio, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"DEP" means the West Virginia Department of Environmental Protection or any agency, board or department of the State that succeeds to the functions of DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Event of Default" means any occurrence or event specified in Section 9.01.

"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 or any other governing body of the Issuer that succeeds to the functions of the council as presently constituted.

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

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

"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.

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

"Investment Property" means:

(a) any security (within the meaning of Section 165(g)(2)(A) or (B)

(b) any obligation,

(c) any annuity contract,

(d) any investment-type property, or

(e) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the of the Code), Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the City of Summersville, a municipal corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the Series 2007 A Bonds Loan Agreement and the Series 2007 B Bonds Loan Agreement.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2007 A Bonds and the Series 2007 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account, respectively. 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 2007 A Bonds and the Series 2007 B Bonds, respectively, 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 as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (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, 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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1977 Bonds, the 1990 A Bonds, the Series 1990 B Series Bonds, the Series 1991 A Bonds, the Series 1991 B Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds, as more fully defined in Section 1.02G.

"Prior Ordinances" means, collectively, the ordinances and supplemental resolution of the Issuer authorizing the issuance of the Prior Bonds.

"Project" means the Project as described in Section 1.02B hereof.

"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 Board of Treasury Investments pursuant to Chapter 12, Article 6C 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2007 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Ordinance.

"Series 2007 A Bonds Construction Trust Fund" means the Series 2007 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2007 A Bonds Loan Agreement" shall mean the Loan Agreement entered into or to be entered into by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2007 A Bonds from the Issuer by the Authority, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

"Series 2007 A Bonds Reserve Account" means the Series 2007 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 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 2007 A Bonds in the then current or any succeeding year.

"Series 2007 A Bonds Sinking Fund" means the Series 2007 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2007 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program) of the Issuer, authorized by this Ordinance.

"Series 2007 B Bonds Construction Trust Fund" means the Series 2007 B Bonds Construction Fund established by Section 5.01 hereof.

"Series 2007 B Bonds Loan Agreement" shall mean the Bond Purchase Agreement entered into or to be entered into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2007 B Bonds from the Issuer by the Authority, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

"Series 2007 B Bonds Reserve Account" means the Series 2007 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2007 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2007 B Bonds in the then current or any succeeding year.

"Series 2007 B Bonds Sinking Fund" means the Series 2007 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2007 A Bonds, the Series 2007 B Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Series 2007 B Bonds Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the Unites States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 resolution or resolutions authorizing the sale of the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2007 A Bonds, the Series 2007 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete combined waterworks and sewerage system of the Issuer, as extended and improved by the Project, including the existing waterworks and sewerage system owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the combined waterworks and sewerage system from any sources whatsoever.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Ordinance as they are used. 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at a cost of $10,682,265, 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 Series 2007 A Bonds and the Series 2007 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is $10,682,265, of which $8,682,265 will be obtained from proceeds of the Series 2007 A Bonds and $2,000,000 will be obtained from proceeds of the Series 2007 B Bonds.

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, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2007 A Bonds and the Series 2007 B Bonds of the Issuer. The Series 2007 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $8,682,265, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia DWTRF Program)," in the principal amount of not more than $2,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds remaining after capitalizing interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, and funding the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly 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 or as specifically provided in the Loan Agreement. The Series 2007 A Bonds and the Series 2007 B 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, if any, on the Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds. The Series 2007 A Bonds and the Series 2007 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or 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. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2007 A Bonds and the Series 2007 B 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 the Series 2007 A Bonds and the Series 2007 B Bonds shall cease to be such officer of the Issuer before the Series 2007 A Bonds and the Series 2007 B 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 such 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 Series 2007 A Bond nor Series 2007 B 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 form set forth in Section 3.10 hereof 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 Series 2007 A Bond and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2007 A Bonds and the Series 2007 B 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 the Series 2007 A Bonds and the Series 2007 B 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2007 A Bonds and the Series 2007 B Bonds.

The registered Series 2007 A Bonds and the Series 2007 B 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 the Series 2007 A Bonds and the Series 2007 B 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 canceled 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 next 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 Series 2007 A Bond or Series 2007 B 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 canceled 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 Series 2007 A Bonds and the Series 2007 B 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. No holder or holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in

favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2007 A Bonds and the Series 2007 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2007 A Bonds and the Series 2007 B Bonds to the original purchasers;

(iii) An executed and certified copy of the Bond Legislation;

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2007 A Bonds and the Series 2007 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2007 A Bonds and the Series 2007 B Bonds shall be in substantially the following form, 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 2007 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2007, and a Supplemental

Resolution duly adopted by the Issuer on _____, 2007 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for die issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2007.

_____
Mayor

[SEAL]

_____
Recorder

(FORM OF)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: _____, 2007.

_____,
as Registrar

_____
Authorized Officer

_____

(FORM OF)

EXHIBIT A
RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 2007 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

No. BR- $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 1,_____, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the DEP dated _____, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the

"System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on , 2007, and a Supplemental Resolution duly adopted by the Issuer on _____, 2007 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the' requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated May ___, 2007.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

(FORM OF)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: _____, 2007.

_____,
as Registrar

_____
Authorized Officer

_____

(FORM OF)

EXHIBIT A
RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2007 A Bonds and the Series 2007 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council the respective amended schedules, the forms of which will be provided by the DEP and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2007 A Bonds Construction Trust Fund; and

(4) Series 2007 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2007 A Bonds Sinking Fund;

(2) Series 2007 A Bonds Reserve Account;

(3) Series 2007 B Bonds Sinking Fund; and

(4) Series 2007 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay interest on the Series 1990 A Bonds and the Series 1991 A Bonds; and (ii)

remit to the National Finance Office the amount required by the Prior Ordinances to pay interest on the Series 1977 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay principal of the Series 1990 A Bonds, the Series 1991 A Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds; (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay principal of the Series 1977 Bonds; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2007 A Bonds on the next ensuing quarterly principal payment date; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2007 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly 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, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the respective Reserve Accounts, the amounts required by the Prior Ordinances for the Series 1990 A Bonds, the Series 1991 A Bonds, the Series 1998 A Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds; (ii) to the Depository Bank for deposit in the Reserve Account, the amount required by the Prior Ordinance for the Series 1977 Bonds; (iii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2007 A Bonds, if not fully funded upon issuance of the Series 2007 A Bonds, for deposit in the Series 2007 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 A Bonds Reserve Requirement; and (iv) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2007 B Bonds, if not fully funded upon issuance of the Series 2007 B Bonds, for deposit in the Series 2007 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2007 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2007 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 2007 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund (as required in the Prior Ordinances and not in addition thereto), an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amounts required by the Prior Ordinances to pay principal of the Series 1990 B Bonds and the Series 1991 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, for deposit in the Reserve Accounts for the Series 1990 B Bonds and the Series 1991 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall become due. Monies in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, as the same shall come due, when other monies in the Series 2007 A Bonds Sinking Fund and the Series 2007 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 B Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account 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 respective Bond Construction Trust Funds, 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 payment, if any, due on the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Account Reserve which result in a reduction in the balance of the Series 2007 A

Bonds Reserve Account and the Series 2007 B Bonds Reserve Account to below the Series 2007 A Bonds Reserve Requirement and the Series 2007 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2007 A Bonds and the Series 2007 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2007 A Bonds and the Series 2007 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2007 A Bonds and the Series 2007 B Bonds and thereafter, with respect to the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2007 A Bonds Sinking Fund, the Series 2007 A Bonds Reserve Account, the Series 2007 B Bonds Sinking Fund and the Series 2007 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2007 A Bonds and the Series 2007 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2007 A Bonds and the Series 2007 B Bonds 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. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2007 B Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

D. 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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds 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.

E. 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 their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts 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.

G. 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 Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2007 A Bonds and the Series 2007 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2007 A Bonds, there shall first be deposited with the Commission in the Series 2007 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

B. From the proceeds of the Series 2007 B Bonds, there shall first be deposited with the Commission in the Series 2007 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2007 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2007 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2007 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2007 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2007 B Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate, stating that:

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

(b) 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) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2007 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2007 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2007 B Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Series 2007 B Bonds Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate stating that:

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

(b) 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) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B 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 the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon is Outstanding and unpaid. not to

Section 7.02. Bonds be Indebtedness of the Issuer. The Series 2007 A Bonds and the Series 2007 B Bonds shall not be nor 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 Series 2007 A Bonds and the Series 2007 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2007 A Bonds and the Series 2007 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2007 A Bonds and the Series 2007 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water and sewer rate ordinance of the Issuer enacted on May 8, 2006, which rates are incorporated herein.

So long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event

the schedule of rates, fees and charges initially established for the System in connection with the Series 2007 A Bonds and the Series 2007 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the DEP and the Council, 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the DEP and the Council, 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 of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds. Any balance remaining after the payment of the Series 2007 A Bonds and the Series 2007 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, the Issuer shall, by resolution duly adopted, 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 $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Renewal and Replacement

Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund 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 $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. 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 Section 7.07 hereof, the Issuer shall not issue any 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 Series 2007 A Bonds and the Series 2007 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2007 A Bonds and the Series 2007 B 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2007 A Bonds and the Series 2007 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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 Series 2007 A Bonds and the Series 2007 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2007 A Bonds and the Series 2007 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the DEP and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the DEP and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances.).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2007 A Bonds and the Series 2007 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

So long as the Series 1977 Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1977 Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Series 1977 Bonds are no longer outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, 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, if any, 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, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance 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 enacted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2007 A Bonds and the Series 2007 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2007 A Bonds and the Series 2007 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.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority, the DEP and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation of

the Project, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

The Issuer shall file with the Council, the DEP, the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, requesting the same, an annual report containing the following:

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

(b) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2007 A Bonds and the Series 2007 B Bonds. Such audit report submitted to the Authority, the Council and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer 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 by the Consulting Engineers. 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 Issuer.

The Issuer shall permit the Authority, the Council and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Purchaser, the Authority, the Council and the DEP with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Series 2007 B Bonds Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 the 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 Operating Expenses 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, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds; provided that, so long as the Series 1977 Bonds are no longer outstanding, and in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2007 A Bonds Reserve Account and the Series 2007 B Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2007 A Bonds and the Series 2007 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to

the Series 2007 A Bonds and the Series 2007 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the DEP and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, 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 a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, 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 Authority, the DEP and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority, the DEP and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority, the DEP and the Council covering the construction, administration and resident project representation of the development and construction of the Project, in accordance with the Professional Engineering Agreement by and between the Consulting Engineers and the Issuer for the Project. The Consulting Engineers shall provide Notice of Acceptability of Work, the form of which is attached to the Certificate of Consulting Engineer provided at closing to the Authority, the DEP, the Council and the Issuer at the

completion of construction that the Project is acceptable and in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit record drawings to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt.

The Issuer shall require the Consulting Engineers to provide the appropriate operation and maintenance manuals to the Issuer when the Project is 90% completed. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

Section 7.12. 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 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services 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 7.14. 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2007 A Bonds and the Series 2007 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the 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 $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed

prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The Issuer shall verify such bonds prior to commencement of construction.

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; provided that the amounts and terms of such coverage are satisfactory to the Authority, the DEP and the Council and the Issuer shall verify such insurance prior to commencement of construction. 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 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the sewerage portion of the System to connect thereto.

Section 7.17. Completion; Operation and Maintenance of Project: Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2007 A Bonds and the Series 2007 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the

Series 2007 A Bonds and the Series 2007 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of die Series 2007 A Bonds and the Series 2007 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP and the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2007 A Bonds and the Series 2007 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the DEP for written approval. The Issuer shall obtain the written approval of the Council and the DEP before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the DEP before expending any proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority, the Council and the DEP in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, 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, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2007 A Bonds and the Series 2007 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds as a condition to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2007 A Bonds and the Series 2007 B Bonds as may be necessary in order to maintain the status of the Series 2007 A Bonds and the Series 2007 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the DEP or the Council, as the case may be, from which the proceeds of the Series

2007 A Bonds and the Series 2007 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2007 A Bonds and the Series 2007 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2007 A Bonds and the Series 2007 B 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, the 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; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2007 A Bonds and the Series 2007 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2007 A Bonds and the Series 2007 B Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds shall be on a parity with each other and with those of the Holders of the First Lien Bonds and senior to the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2007 A Bonds and the Series 2007 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and 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 the Series 2007 A Bonds and the Series 2007 B Bonds 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 Series 2007 A Bonds and the Series 2007 B 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 exercise.

Whenever all that is due upon the Series 2007 A Bonds and the Series 2007 B 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 Series 2007 A Bonds and the Series 2007 B 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 completion of the Project and 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 the 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

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2007 A Bonds and the Series 2007 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, this Ordinance may he amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2007 A Bonds and the Series 2007 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2007 A Bonds and the Series 2007 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2007 A Bonds and the Series 2007 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the DEP or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

City of Summersville
Post Office Box 525
Summersville, West Virginia 26588
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

DEP:

West Virginia Department of Environmental Protection
601 57th Street SE
Charleston, West Virginia 25304
Attention: Division of Water & Waste Management

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the DEP or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Ordinances, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinances. In the event of any conflict between this Ordinance and the Prior Ordinances , the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance 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 Nicholas Chronicle, a newspaper published and of general circulation in the City of Summersville, there being no newspaper published therein, together with a notice stating

that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2007 A Bonds and the Series 2007 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this 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.

Section 11.09. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading.

Passed on First Reading:	February 26, 2007
Passed on Second Reading:	March 21, 2007
Passed on Final Reading Following Public Hearing:	April 23, 2007

Mayor

CERTIFICATION

Certified a true copy of a Ordinance finally enacted by the City Council of the CITY OF SUMMERSVILLE on the 21st day of March, 2007, and put into effect following a public hearing held on the 23rd day of April, 2007.

Dated: May 15, 2007.

[SEAL]

Recorder

1556660.1
Bond Ordinance - 2007

EXHIBIT A

LOAN AGREEMENT

[See Transcript Document Numbers 3 and 4]

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)
AND
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF SUMMERSVILLE; AUTHORIZING AND APPROVING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Summersville (the "Issuer") has duly and officially adopted a bond ordinance, effective the 23rd day of April, 2007 (the "Bond Ordinance") entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE SYSTEM PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $8,682,265 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENT AND BOND PURCHASE AGREEMENT, RESPECTIVELY, RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund) and Series 2007 B (West Virginia SRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2007 A Bonds" and the "Series 2007 B Bonds"), in the respective aggregate principal amounts not to exceed $8,682,265 and $2,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2007 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the bond purchase agreement relating to the Series 2007 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Department of Environmental Protection (the "DEP") (collectively, the "Loan Agreements" and individually, the "Series 2007 A Loan Agreement" and the "Series 2007 B Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the forms of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, 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 forms of the Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the forms of the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts,

the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 CITY OF SUMMERSVILLE:

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

A. Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $8,682,265. The Series 2007 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2037, and shall bear no interest. The principal of the Series 2007 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, and ending June 1, 2037, and in the amounts as set forth in the "Schedule Y" to be attached to the Series 2007 A Loan Agreement and incorporated in and made a part of the Series 2007 A Bonds. The Series 2007 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the 2007 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 A Bonds.

B. Combined Waterworks and Sewerage System Revenue Bonds, Series 2007 B (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,000,000. The Series 2007 B Bonds shall be dated the date of delivery thereof, shall finally mature on June 1, 2036, and shall bear no interest. The principal of the Series 2007 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing on September 1, 2009, and ending on June 1, 2036, and in the amounts as set forth in the "Schedule Y" to be attached to the Series 2007 B Loan Agreement and incorporated in and made a part of the Series 2007 B Bonds. The Series 2007 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2007 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2007 B Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2007 B Bonds set forth in the "Schedule Y" to be attached to the Series 2007 B Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the forms of the Loan Agreements, the forms of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan

Agreement and in the applications to the DEP, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, 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 designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Summersville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2007 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 A Bonds Reserve Account.

Section 10. Series 2007 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2007 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2007 A Bonds and the Series 2007 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2007 A Bonds and the Series 2007 B Bonds and related costs.

Section 12. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about May 15, 2007, or as soon thereafter as practicable.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 23rd day of April, 2007.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF SUMMERSVILLE on the 23rd day of April, 2007.

Dated: May 15, 2007.

[SEAL]

Jeff M. Ady

Recorder

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND)

SPECIMEN

No. AR-1 $8,682,265.00

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 EIGHT MILLION SIX HUNDRED EIGHTY-TWO THOUSAND TWO HUNDRED SIXTY-FIVE DOLLARS ($8,682,265.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated May 15, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance finally enacted by the

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Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, and a Supplemental Resolution duly adopted by the Issuer on April 23, 2007 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 B (WEST VIRGINIA SRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2007 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not

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constitute an 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 monies in the Series 2007 A Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of

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highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated May 15, 2007.

Mayor

SPECIMEN

[SEAL]

Recorder

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: May 15, 2007.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

SPECIMEN

Authorized Officer

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EXHIBIT A
RECORD OF ADVANCES

SPECIMEN

	AMOUNT	DATE		AMOUNT	DATE
(1)	$471,697.00	May 15, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

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EXHIBIT B

DEBT SERVICE SCHEDULE

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$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

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Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	77,521.00	-	77,521.00
12/01/2009	77,521.00	-	77,521.00
03/01/2010	77,521.00	-	77,521.00
06/01/2010	77,521.00	-	77,521.00
09/01/2010	77,521.00	-	77,521.00
12/01/2010	77,521.00	-	77,521.00
03/01/2011	77,521.00	-	77,521.00
06/01/2011	77,521.00	-	77,521.00
09/01/2011	77,521.00	-	77,521.00
12/01/2011	77,521.00	-	77,521.00
03/01/2012	77,521.00	-	77,521.00
06/01/2012	77,521.00	-	77,521.00
09/01/2012	77,521.00	-	77,521.00
12/01/2012	77,521.00	-	77,521.00
03/01/2013	77,521.00	-	77,521.00
06/01/2013	77,521.00	-	77,521.00
09/01/2013	77,521.00	-	77,521.00
12/01/2013	77,521.00	-	77,521.00
03/01/2014	77,521.00	-	77,521.00
06/01/2014	77,521.00	-	77,521.00
09/01/2014	77,521.00	-	77,521.00
12/01/2014	77,521.00	-	77,521.00
03/01/2015	77,521.00	-	77,521.00
06/01/2015	77,521.00	-	77,521.00
09/01/2015	77,520.00	-	77,520.00
12/01/2015	77,520.00	-	77,520.00
03/01/2016	77,520.00	-	77,520.00
06/01/2016	77,520.00	-	77,520.00
09/01/2016	77,520.00	-	77,520.00
12/01/2016	77,520.00	-	77,520.00
03/01/2017	77,520.00	-	77,520.00
06/01/2017	77,520.00	-	77,520.00
09/01/2017	77,520.00	-	77,520.00
12/01/2017	77,520.00	-	77,520.00
03/01/2018	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	77,520.00	-	77,520.00
09/01/2018	77,520.00	-	77,520.00
12/01/2018	77,520.00	-	77,520.00
03/01/2019	77,520.00	-	77,520.00
06/01/2019	77,520.00	-	77,520.00
09/01/2019	77,520.00	-	77,520.00
12/01/2019	77,520.00	-	77,520.00
03/01/2020	77,520.00	-	77,520.00
06/01/2020	77,520.00	-	77,520.00
09/01/2020	77,520.00	-	77,520.00
12/01/2020	77,520.00	-	77,520.00
03/01/2021	77,520.00	-	77,520.00
06/01/2021	77,520.00	-	77,520.00
09/01/2021	77,520.00	-	77,520.00
12/01/2021	77,520.00	-	77,520.00
03/01/2022	77,520.00	-	77,520.00
06/01/2022	77,520.00	-	77,520.00
09/01/2022	77,520.00	-	77,520.00
12/01/2022	77,520.00	-	77,520.00
03/01/2023	77,520.00	-	77,520.00
06/01/2023	77,520.00	-	77,520.00
09/01/2023	77,520.00	-	77,520.00
12/01/2023	77,520.00	-	77,520.00
03/01/2024	77,520.00	-	77,520.00
06/01/2024	77,520.00	-	77,520.00
09/01/2024	77,520.00	-	77,520.00
12/01/2024	77,520.00	-	77,520.00
03/01/2025	77,520.00	-	77,520.00
06/01/2025	77,520.00	-	77,520.00
09/01/2025	77,520.00	-	77,520.00
12/01/2025	77,520.00	-	77,520.00
03/01/2026	77,520.00	-	77,520.00
06/01/2026	77,520.00	-	77,520.00
09/01/2026	77,520.00	-	77,520.00
12/01/2026	77,520.00	-	77,520.00
03/01/2027	77,520.00	-	77,520.00
06/01/2027	77,520.00	-	77,520.00
09/01/2027	77,520.00	-	77,520.00
12/01/2027	77,520.00	-	77,520.00
03/01/2028	77,520.00	-	77,520.00
06/01/2028	77,520.00	-	77,520.00
09/01/2028	77,520.00	-	77,520.00
12/01/2028	77,520.00	-	77,520.00
03/01/2029	77,520.00	-	77,520.00

$8,682,265
City of Summersville
0% Interest Rate, 28 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	77,520.00	-	77,520.00
09/01/2029	77,520.00	-	77,520.00
12/01/2029	77,520.00	-	77,520.00
03/01/2030	77,520.00	-	77,520.00
06/01/2030	77,520.00	-	77,520.00
09/01/2030	77,520.00	-	77,520.00
12/01/2030	77,520.00	-	77,520.00
03/01/2031	77,520.00	-	77,520.00
06/01/2031	77,520.00	-	77,520.00
09/01/2031	77,520.00	-	77,520.00
12/01/2031	77,520.00	-	77,520.00
03/01/2032	77,520.00	-	77,520.00
06/01/2032	77,520.00	-	77,520.00
09/01/2032	77,520.00	-	77,520.00
12/01/2032	77,520.00	-	77,520.00
03/01/2033	77,520.00	-	77,520.00
06/01/2033	77,520.00	-	77,520.00
09/01/2033	77,520.00	-	77,520.00
12/01/2033	77,520.00	-	77,520.00
03/01/2034	77,520.00	-	77,520.00
06/01/2034	77,520.00	-	77,520.00
09/01/2034	77,520.00	-	77,520.00
12/01/2034	77,520.00	-	77,520.00
03/01/2035	77,520.00	-	77,520.00
06/01/2035	77,520.00	-	77,520.00
09/01/2035	77,520.00	-	77,520.00
12/01/2035	77,520.00	-	77,520.00
03/01/2036	77,520.00	-	77,520.00
06/01/2036	77,520.00	-	77,520.00
09/01/2036	77,520.00	-	77,520.00
12/01/2036	77,520.00	-	77,520.00
03/01/2037	77,520.00	-	77,520.00
06/01/2037	77,520.00	-	77,520.00
Total	**$8,682,265.00**	-	**$8,682,265.00**

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: _____, _____.

SPECIMEN

SPECIMEN

_____

In the presence of:

_____

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA

CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS
SERIES 2007 B (WEST VIRGINIA SRF PROGRAM)

SPECIMEN

No. BR-1 $2,000,000.00

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 TWO MILLION DOLLARS ($2,000,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2009, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the Authority and the DEP dated May 1, 2007.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and

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improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance finally enacted by the Issuer on March 21, 2007, and put into effect following a public hearing held on April 23, 2007, and a Supplemental Resolution duly adopted by the Issuer on April 23, 2007 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998, (5) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 18, 2002, (6) WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), DATED DECEMBER 18, 2002 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (7) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2007 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2007 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2007 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created

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under the Bond Legislation for the Bonds (the "Series 2007 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2007 B Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2007 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2007 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated May 15, 2007.

Mayor

SPECIMEN

[SEAL]

ATTEST:

Recorder

SPECIMEN

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CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2007 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: May 15, 2007.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

Authorized Officer

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SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$100,000.00	May 15, 2007	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

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EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

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$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	18,519.00	-	18,519.00
12/01/2009	18,519.00	-	18,519.00
03/01/2010	18,519.00	-	18,519.00
06/01/2010	18,519.00	-	18,519.00
09/01/2010	18,519.00	-	18,519.00
12/01/2010	18,519.00	-	18,519.00
03/01/2011	18,519.00	-	18,519.00
06/01/2011	18,519.00	-	18,519.00
09/01/2011	18,519.00	-	18,519.00
12/01/2011	18,519.00	-	18,519.00
03/01/2012	18,519.00	-	18,519.00
06/01/2012	18,519.00	-	18,519.00
09/01/2012	18,519.00	-	18,519.00
12/01/2012	18,519.00	-	18,519.00
03/01/2013	18,519.00	-	18,519.00
06/01/2013	18,519.00	-	18,519.00
09/01/2013	18,519.00	-	18,519.00
12/01/2013	18,519.00	-	18,519.00
03/01/2014	18,519.00	-	18,519.00
06/01/2014	18,519.00	-	18,519.00
09/01/2014	18,519.00	-	18,519.00
12/01/2014	18,519.00	-	18,519.00
03/01/2015	18,519.00	-	18,519.00
06/01/2015	18,519.00	-	18,519.00
09/01/2015	18,519.00	-	18,519.00
12/01/2015	18,519.00	-	18,519.00
03/01/2016	18,519.00	-	18,519.00
06/01/2016	18,519.00	-	18,519.00
09/01/2016	18,519.00	-	18,519.00
12/01/2016	18,519.00	-	18,519.00
03/01/2017	18,519.00	-	18,519.00
06/01/2017	18,519.00	-	18,519.00
09/01/2017	18,519.00	-	18,519.00
12/01/2017	18,519.00	-	18,519.00
03/01/2018	18,519.00	-	18,519.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2018	18,519.00	-	18,519.00
09/01/2018	18,519.00	-	18,519.00
12/01/2018	18,519.00	-	18,519.00
03/01/2019	18,519.00	-	18,519.00
06/01/2019	18,519.00	-	18,519.00
09/01/2019	18,519.00	-	18,519.00
12/01/2019	18,519.00	-	18,519.00
03/01/2020	18,519.00	-	18,519.00
06/01/2020	18,519.00	-	18,519.00
09/01/2020	18,519.00	-	18,519.00
12/01/2020	18,519.00	-	18,519.00
03/01/2021	18,519.00	-	18,519.00
06/01/2021	18,519.00	-	18,519.00
09/01/2021	18,519.00	-	18,519.00
12/01/2021	18,519.00	-	18,519.00
03/01/2022	18,519.00	-	18,519.00
06/01/2022	18,519.00	-	18,519.00
09/01/2022	18,519.00	-	18,519.00
12/01/2022	18,519.00	-	18,519.00
03/01/2023	18,519.00	-	18,519.00
06/01/2023	18,519.00	-	18,519.00
09/01/2023	18,518.00	-	18,518.00
12/01/2023	18,518.00	-	18,518.00
03/01/2024	18,518.00	-	18,518.00
06/01/2024	18,518.00	-	18,518.00
09/01/2024	18,518.00	-	18,518.00
12/01/2024	18,518.00	-	18,518.00
03/01/2025	18,518.00	-	18,518.00
06/01/2025	18,518.00	-	18,518.00
09/01/2025	18,518.00	-	18,518.00
12/01/2025	18,518.00	-	18,518.00
03/01/2026	18,518.00	-	18,518.00
06/01/2026	18,518.00	-	18,518.00
09/01/2026	18,518.00	-	18,518.00
12/01/2026	18,518.00	-	18,518.00
03/01/2027	18,518.00	-	18,518.00
06/01/2027	18,518.00	-	18,518.00
09/01/2027	18,518.00	-	18,518.00
12/01/2027	18,518.00	-	18,518.00
03/01/2028	18,518.00	-	18,518.00
06/01/2028	18,518.00	-	18,518.00
09/01/2028	18,518.00	-	18,518.00
12/01/2028	18,518.00	-	18,518.00
03/01/2029	18,518.00	-	18,518.00

$2,000,000
City of Summersville
0% Interest Rate, 0.5% Administrative Fee, 27 Years
Closing Date: May 15, 2007

SPECIMEN

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2029	18,518.00	-	18,518.00
09/01/2029	18,518.00	-	18,518.00
12/01/2029	18,518.00	-	18,518.00
03/01/2030	18,518.00	-	18,518.00
06/01/2030	18,518.00	-	18,518.00
09/01/2030	18,518.00	-	18,518.00
12/01/2030	18,518.00	-	18,518.00
03/01/2031	18,518.00	-	18,518.00
06/01/2031	18,518.00	-	18,518.00
09/01/2031	18,518.00	-	18,518.00
12/01/2031	18,518.00	-	18,518.00
03/01/2032	18,518.00	-	18,518.00
06/01/2032	18,518.00	-	18,518.00
09/01/2032	18,518.00	-	18,518.00
12/01/2032	18,518.00	-	18,518.00
03/01/2033	18,518.00	-	18,518.00
06/01/2033	18,518.00	-	18,518.00
09/01/2033	18,518.00	-	18,518.00
12/01/2033	18,518.00	-	18,518.00
03/01/2034	18,518.00	-	18,518.00
06/01/2034	18,518.00	-	18,518.00
09/01/2034	18,518.00	-	18,518.00
12/01/2034	18,518.00	-	18,518.00
03/01/2035	18,518.00	-	18,518.00
06/01/2035	18,518.00	-	18,518.00
09/01/2035	18,518.00	-	18,518.00
12/01/2035	18,518.00	-	18,518.00
03/01/2036	18,518.00	-	18,518.00
06/01/2036	18,518.00	-	18,518.00
Total	**$2,000,000.00**	-	**$2,000,000.00** *

*Plus $1,261.56 one-half percent Administrative Fee paid quarterly. Total fee over life of loan is $136,248.48.

Yield Statistics

Bond Year Dollars	$31,338.52
Average Life	15.669 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	-3.80E-15
Bond Yield for Arbitrage Purposes	-3.80E-15
All Inclusive Cost (AIC)	0.4325132%

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	15.669 Years

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: _____, _____.

SPECIMEN

SPECIMEN

_____

In the presence of:

_____

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CITY OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM)

BOND ORDINANCE

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CITY OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; MODIFYING THE LIEN POSITION OF THE ISSUER'S SERIES 1977 BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

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 enacted pursuant to the provisions of Chapter 8, Article 20, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a new water treatment plant, connection of the new plant to the System and a raw water intake on Summersville Lake, together with all appurtenant facilities (collectively, the "Project") (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), 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 Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Drinking Water Treatment Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than $12,000,000 in two series (collectively, the "Series 2002 Bonds"), being the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $6,000,000 (the "Series 2002 A Bonds"), and the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), in the aggregate principal amount of not more than $6,000,000 (the "Series 2002 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed

to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2002 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); 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 and expenses of the Authority, including the Administrative Fee (as hereinafter defined) for the Series 2002 B Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2002 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2002 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2002 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2002 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The holder of the Series 1977 Bonds (has hereinafter defined) has requested, and Issuer and the holders of the other Prior Bonds have agreed, that the Series 1977 Bonds shall be modified so as to have a first lien on the System and the Revenues therefrom. By enacting this Ordinance, the Issuer hereby modifies the Series 1977 Bonds to provide that such Bonds have a first lien on the System and the Revenues therefrom.

H. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water and Sewer Revenue Note, Series 1967, dated November 22, 1967, issued in the original principal amount of $58,250 (the "Series 1967 Note"),Water and Sewer System Revenue Bonds, Series 1977, dated August 4, 1981 issued in the original principal amount of $290,000, (the "Series 1977 Bonds"), Water and Sewer System Revenue Bonds, Series 1990 A, dated April 6, 1990,

issued in the original principal amount of $281,848 (the "Series 1990 A Bonds"), Water and Sewer System Revenue Bonds, Series 1991 A, dated August 13, 1991, issued in the original principal amount of $790,057 (the "Series 1991 A Bonds"), and Water and Sewer System Revenue Bonds, Series 1998 A (West Virginia Infrastructure and Jobs Development Council), dated January 6, 1998, issued in the original principal amount of $639,000 (the "Series 1998 A Bonds") (collectively, the "First Lien Bonds") and senior to the Issuer's Water and Sewer System Revenue Bonds, Series 1990 B, dated April 6, 1990, issued in the original principal amount of $13,152 (the "Series 1990 B Bonds"), and Water and Sewer System Revenue Bonds, Series 1991 B, dated August 13, 1991, issued in the original principal amount of $35,671 (the "Series 1991 B Bonds") (collectively, the "Second Lien Bonds"). The First Lien Bonds and the Second Lien Bonds are collectively hereinafter sometimes referred to as the "Prior Bonds."

Prior to the issuance of the Series 2002 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consents of the Holders of the First Lien Bonds to the issuance of the Series 2002 Bonds on a parity with the First Lien Bonds; and (iii) the written consents of the Holders of Second Lien Bonds to the issuance of the Series 2002 Bonds senior to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. 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 costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances, all as such terms are hereinafter defined.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein 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 Series 2002 A Bonds and the Series 2002 B Bonds or such final order will not be subject to appeal or rehearing.

K. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2002 A Bonds and the Series 2002 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, 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 Series 2002 A Bonds and the Series 2002 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20, Chapter 16, Article 13C, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2002 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH and the Council under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

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

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

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

"Bonds" means, collectively, the Series 2002 A Bonds, the Series 2002 B Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"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.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"Closing Date" means the date upon which there is an exchange of the Series 2002 A Bonds and the Series 2002 B Bonds for all or a portion of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, from the Authority.

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

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

"Consulting Engineers" means Stafford Consultants, Incorporated, Princeton, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations.

"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 or any other governing body of the Issuer that succeeds to the functions of the council as presently constituted.

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

"Grants" means all monies received by the Issuer on account of any Grant for the Project.

"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.

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

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the

Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"Issuer" means the City of Summersville, a municipal corporation and political subdivision of the State of West Virginia, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the respective Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2002 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2002 B 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 2002 A Bonds and the Series 2002 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account, respectively. 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 2002 A Bonds and the Series 2002 B Bonds, respectively, 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 as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, the Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (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, 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.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1967 Note, the Series 1977 Bonds, the 1990 A Bonds, the Series 1990 B Series Bonds, the Series 1991 A Bonds, the Series 1991 B Bonds and the Series 1998 A Bonds, as more fully defined in Section 1.02(7).

"Prior Ordinances" means, collectively, the ordinances and supplemental resolutions of the Issuer authorizing the issuance of the Prior Bonds.

"Project" means the Project as described in Section 1.02B hereof.

"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 Investment Management Board 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 excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code or any predecessor to the Code.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 2002 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Ordinance.

"Series 2002 A Bonds Construction Trust Fund" means the Series 2002 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2002 A Bonds Reserve Account" means the Series 2002 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 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 2002 A Bonds in the then current or any succeeding year.

"Series 2002 A Bonds Sinking Fund" means the Series 2002 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2002 B Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program) of the Issuer, authorized by this Ordinance.

"Series 2002 B Bonds Construction Trust Fund" means the Series 2002 B Bonds Construction Fund established by Section 5.01 hereof.

"Series 2002 B Bonds Reserve Account" means the Series 2002 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2002 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2002 B Bonds in the then current or any succeeding year.

"Series 2002 B Bonds Sinking Fund" means the Series 2002 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2002 A Bonds, the Series 2002 B Bonds and the Prior Bonds.

"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 resolution or resolutions authorizing the sale of the Series 2002 A Bonds and the Series 2002 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2002 A Bonds and the Series 2002 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2002 A Bonds, the Series 2002 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete combined waterworks and sewerage system of the Issuer, as extended and improved by the Project, including the existing waterworks and sewerage system owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the combined waterworks and sewerage system from any sources whatsoever.

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

Additional terms and phrases are defined in this Ordinance as they are used. 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Recorder shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Recorder.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $15,950,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the BPH and the Council.

The cost of the Project is estimated to be $15,950,000, of which approximately $6,000,000 will be obtained from proceeds of the Series 2002 A Bonds, approximately $6,000,000 will be obtained from proceeds of the Series 2002 B Bonds, approximately $1,500,000 will be obtained from an EDA grant, approximately $1,500,000 will be obtained from an ARC grant, and approximately $950,000 will be obtained from funds of the Issuer.

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 2002 A Bonds and the Series 2002 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2002 A Bonds and the Series 2002 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2002 A Bonds and the Series 2002 B Bonds of the Issuer. The Series 2002 Bonds shall be issued in two series, each as a single bond, designated respectively as "Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $6,000,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program)," in the principal amount of not more than $6,000,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds remaining after capitalizing interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, and funding the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly 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 or as specifically provided in the Loan Agreement. The Series 2002 A Bonds and the Series 2002 B 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, if any, on the Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2002 A Bonds and the Series 2002 B Bonds. The Series 2002 A Bonds and the Series 2002 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered

Bond or 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. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2002 A Bonds and the Series 2002 B 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 the Series 2002 A Bonds and the Series 2002 B Bonds shall cease to be such officer of the Issuer before the Series 2002 A Bonds and the Series 2002 B 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 such 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 Series 2002 A Bond nor Series 2002 B 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 form set forth in Section 3.10 hereof 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 Series 2002 A Bond and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2002 A Bonds and the Series 2002 B 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 the Series 2002 A Bonds and the Series 2002 B 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 such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2002 A Bonds and the Series 2002 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2002 A Bonds and the Series 2002 B Bonds.

The registered Series 2002 A Bonds and the Series 2002 B 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 the Series 2002 A Bonds and the Series 2002 B 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 canceled 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 next 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 Series 2002 A Bond or Series 2002 B 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 canceled 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 Series 2002 A Bonds and the Series 2002 B 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. No holder or holders of the Series 2002 A Bonds and the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of

the Issuer, if any, to pay the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds and the Series 2002 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2002 A Bonds and the Series 2002 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2002 A Bonds and the Series 2002 B Bonds to the original purchasers;

(iii) An executed and certified copy of the Bond Legislation;

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2002 A Bonds and the Series 2002 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2002 A Bonds and the Series 2002 B Bonds shall be in substantially the following form, 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 2002 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no 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 the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds")

and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE NOTE, SERIES 1967, DATED NOVEMBER 22, 1967, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (5) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2002 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2002 B Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond

Legislation for the Bonds (the "Series 2002 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2002 A Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2002 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2002 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2002.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 2002 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
COMBINED WATERWORKS AND
SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 1, _____, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no 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 the West Virginia Bureau for Public Health (the "BPH"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the BPH, dated _____, 2002.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the waterworks portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2002, and a Supplemental Resolution duly adopted by the Issuer on _____, 2002 (collectively, 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 ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER AND SEWER REVENUE NOTE, SERIES 1967, DATED NOVEMBER 22, 1967, (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1977, DATED AUGUST 4, 1981, (3) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 A, DATED APRIL 6, 1990, (4) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 A, DATED AUGUST 13, 1991, (5) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL), DATED JANUARY 6, 1998 (COLLECTIVELY, THE "FIRST LIEN BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), ISSUED SIMULTANEOUSLY HEREWITH (THE "SERIES 2002 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S (1) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1990 B, DATED APRIL 6, 1990, AND (2) WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1991 B, DATED AUGUST 13, 1991 (COLLECTIVELY, THE "SECOND LIEN BONDS").

THE FIRST LIEN BONDS AND THE SECOND LIEN BONDS ARE COLLECTIVELY HEREINAFTER SOMETIMES REFERRED TO AS THE "PRIOR 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, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and the Series 2002 A Bonds and senior to the pledge of Net Revenues in favor of the holders of the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2002 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an 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 monies in the Series 2002 B Bonds Reserve Account and unexpended proceeds of the 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, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2002 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2002 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2002 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, 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 Net 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 2002.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2002 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: _____, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2002 A Bonds and the Series 2002 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Series 2002 A Bonds Construction Trust Fund; and

(4) Series 2002 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2002 A Bonds Sinking Fund;

(2) Series 2002 A Bonds Reserve Account;

(3) Series 2002 B Bonds Sinking Fund; and

(4) Series 2002 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. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay interest on the Series 1967 Note, the Series 1990 A Bonds and the Series 1991 A Bonds; and (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay interest on the Series 1977 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission, for deposit in the respective Sinking Funds, the amounts required by the Prior Ordinances to pay principal of the Series 1967 Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1998 A Bonds; (ii) remit to the National Finance Office the amount required by the Prior Ordinances to pay principal of the Series 1977 Bonds; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2002 A Bonds on the next ensuing quarterly principal payment date; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and come due on the Series 2002 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly 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, transfer from the Revenue Fund and simultaneously remit (i) to the Commission for deposit in the respective Reserve Accounts, the amounts required by the Prior Ordinances for the Series 1967 Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1998 A Bonds; (ii) to the Depository Bank for deposit in the Reserve Account, the amount required by the Prior Ordinance

for the Series 1977 Bonds; (iii) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2002 A Bonds, if not fully funded upon issuance of the Series 2002 A Bonds, for deposit in the Series 2002 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 A Bonds Reserve Requirement; and (iv) to the Commission commencing 3 months prior to the first date of payment of principal of the Series 2002 B Bonds, if not fully funded upon issuance of the Series 2002 B Bonds, for deposit in the Series 2002 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2002 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2002 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 2002 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund (as required in the Prior Ordinances and not in addition thereto), an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amounts required by the Prior Ordinances to pay principal of the Series 1990 B Bonds and the Series 1991 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission, for deposit in the Reserve Accounts for the Series 1990 B Bonds and the Series 1991 B Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, as the same shall become due. Monies in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, as the same shall come due, when other monies in the Series 2002 A Bonds Sinking Fund and the Series 2002 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 B Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account 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 respective Bond Construction Trust Funds, 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 payment, if any, due on the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Account Reserve which result in a reduction in the balance of the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account to below the Series 2002 A Bonds Reserve Requirement and the Series 2002 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2002 A Bonds and the Series 2002 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series

2002 A Bonds and the Series 2002 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds, the Series 2002 A Bonds and the Series 2002 B Bonds and thereafter, with respect to the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2002 A Bonds Sinking Fund, the Series 2002 A Bonds Reserve Account, the Series 2002 B Bonds Sinking Fund and the Series 2002 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2002 A Bonds and the Series 2002 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2002 A Bonds and the Series 2002 B Bonds 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. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2002 B Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreements and submit a copy of said form, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

D. 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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds 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.

E. 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 their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts 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.

G. 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 Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2002 A Bonds and the Series 2002 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2002 A Bonds, there shall first be deposited with the Commission in the Series 2002 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

B. From the proceeds of the Series 2002 B Bonds, there shall first be deposited with the Commission in the Series 2002 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2002 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2002 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2002 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2002 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2002 B Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 A Bonds Construction Trust Fund shall be made only after submission to and

approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate, stating that:

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

(b) 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) Each of such costs has been otherwise properly incurred; and

(d) Payment for each of the items proposed is then due and owing.

The Issuer shall expend all proceeds of the Series 2002 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2002 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2002 B Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate stating that:

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

(B) 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) Each of such costs has been otherwise properly incurred; and

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

Pending such application, monies in the respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B 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 the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

not to

Section 7.02. Bonds be Indebtedness of the Issuer. The Series 2002 A Bonds and the Series 2002 B Bonds shall not be nor 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 Series 2002 A Bonds and the Series 2002 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2002 A Bonds and the Series 2002 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2002 A Bonds and the Series 2002 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the First Lien Bonds and senior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on January 28, 2002, and the water rate ordinance enacted November 12, 2002, which rates are incorporated herein.

So long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2002 A Bonds and the Series 2002 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer 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 and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH and the Council, 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2002 A Bonds and the Series 2002 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority and the BPH and the Council, 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 of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds. Any balance remaining after the payment of the Series 2002 A Bonds and the Series 2002 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, the Issuer shall, by resolution duly adopted, 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 $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $50,000 and not in excess of $200,000, shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund 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 $200,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. 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 Section 7.07 hereof, the Issuer shall not issue any 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 Series 2002 A Bonds and the Series 2002 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2002 A Bonds and the Series 2002 B 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, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2002 A Bonds and the Series 2002 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

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 Series 2002 A Bonds and the Series 2002 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2002 A Bonds and the Series 2002 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the BPH and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues

of the System or from any grants, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2002 A Bonds and the Series 2002 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

So long as the Series 1967 Note and the Series 1977 Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds then Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1967 Notes and the Series 1977 Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Series 1967 Note and the Series 1977 Bonds are no longer outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, 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, if any, 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, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance 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 enacted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2002 A Bonds and the Series 2002 B Bonds on such

revenues. The Issuer shall not issue any obligations whatsoever payable from 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 2002 A Bonds and the Series 2002 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.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the BPH and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority, the BPH and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the BPH and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction and commencement of operation of the Project, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2002 A Bonds and the Series 2002 B Bonds. Such audit report submitted to the Authority, the Council and the BPH shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer 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 by the Consulting Engineers. 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 Issuer.

The Issuer shall permit the Authority, the Council and the BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the BPH, or their agents and representatives, with access to the System site and System facilities as may be

reasonably necessary to accomplish all of the powers and rights of the Purchaser, the Authority, the Council and the BPH with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2002 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the 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 the 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 Operating Expenses 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, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds; provided that, so long as the Series 1967 Note and the Series 1977 Bonds are no longer outstanding, and in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2002 A Bonds Reserve Account and the Series 2002 B Bonds Reserve Account and any reserve accounts for obligations on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2002 A Bonds and the Series 2002 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2002 A Bonds and the Series 2002 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the BPH and the Council within 30 days of

adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, 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 a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the BPH and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, 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 Authority, the BPH and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority, the BPH and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the BPH and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority, the BPH and the Council covering the construction, administration and resident project representation of the development and construction of the Project, in accordance with the Professional Engineering Agreement by and between the Consulting Engineers and the Issuer for the Project. The Consulting Engineers shall provide Notice of Acceptability of Work, the form of which is attached to the Certificate of Consulting Engineer provided at closing to the Authority, the BPH, the Council and the Issuer at the completion of construction that the Project is acceptable and in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit record drawings to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to provide the appropriate operation and maintenance manuals to the Issuer when the Project is 90% completed. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 50% completion stage.

Section 7.12 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 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services 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 7.14. 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 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2002 A Bonds and the Series 2002 B Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the 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 $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction

contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 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. The Issuer shall verify such bonds prior to commencement of construction.

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; provided that the amounts and terms of such coverage are satisfactory to the Authority, the BPH and the Council and the Issuer shall verify such insurance prior to commencement of construction. 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 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with

all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2002 A Bonds and the Series 2002 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2002 A Bonds and the Series 2002 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2002 A Bonds and the Series 2002 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior to the statutory mortgage lien in favor of the Holders of the Second Lien Bonds.

Section 7.19. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH and the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the BPH and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2002 A Bonds and the Series 2002 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and

the BPH before expending any proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority, the Council and the BPH in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, 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, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2002 A Bonds and the Series 2002 B Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds as a condition to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and

applicable to the Series 2002 A Bonds and the Series 2002 B Bonds as may be necessary in order to maintain the status of the Series 2002 A Bonds and the Series 2002 B Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the BPH or the Council, as the case may be, from which the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the BPH, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2002 A Bonds and the Series 2002 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2002 A Bonds and the Series 2002 B 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, the 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; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2002 A Bonds and the Series 2002 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2002 A Bonds and the Series 2002 B Bonds,

or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds shall be on a parity with each other and with those of the Holders of the First Lien Bonds and senior to the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2002 A Bonds and the Series 2002 B Bonds may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and 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 the Series 2002 A Bonds and the Series 2002 B Bonds 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 Series 2002 A Bonds and the Series 2002 B 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 exercise.

Whenever all that is due upon the Series 2002 A Bonds and the Series 2002 B 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 Series 2002 A Bonds and the Series 2002 B 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 completion of the Project and 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 the 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

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2002 A Bonds and the Series 2002 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, no material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2002 A Bonds and the Series 2002 B Bonds, required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2002 A Bonds and the Series 2002 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2002 A Bonds and the Series 2002 B Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority, the BPH or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

City of Summersville
Post Office Box 525
Summersville, West Virginia 26588
Attention: Mayor

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

BPH:

West Virginia Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed. Except for the Prior Ordinances, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Ordinances. In the event of any conflict between this Ordinance and the Prior Ordinances , the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required

by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance 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 Nicholas Chronicle, a newspaper published and of general circulation in the City of Summersville, there being no newspaper published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2002 A Bonds and the Series 2002 B Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this 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.

Section 11.09. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading.

Passed on First Reading:	September 23, 2002
Passed on Second Reading:	October 28, 2002
Passed on Final Reading Following Public Hearing:	November 12, 2002

Mayor

CERTIFICATION

Certified a true copy of a Ordinance duly enacted by the City Council of the CITY OF SUMMERSVILLE on the 12th day of November, 2002.

Dated: December 18, 2002.

[SEAL]

Recorder

12/05/02
878730.00002

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

CITY OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2002 A
(West Virginia Infrastructure Fund) and
Series 2002 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM), OF THE CITY OF SUMMERSVILLE; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Summersville (the "Issuer") has duly and officially adopted a bond resolution, effective the 12th day of November, 2002 (the "Bond Ordinance") entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE WATERWORKS PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $6,000,000 IN

AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $6,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2002 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; MODIFYING THE LIEN POSITION OF THE ISSUER'S SERIES 1977 BOND; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund) and Series 2002 B (West Virginia DWTRF Program) of the Issuer (collectively, the "Bonds" and individually, the "Series 2002 A Bonds" and the "Series 2002 B Bonds"), in the respective aggregate principal amounts not to exceed $6,000,000 and $6,000,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2002 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2002 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements" and individually, the "Series 2002 A Loan Agreement" and the "Series 2002 B Loan Agreement"), all in accordance with Chapter 8, Article 20, Chapter 16, Article 13C and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, 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 Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements be approved and entered into by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates and the sale prices 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 CITY OF SUMMERSVILLE:

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

A. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,661,505. The Series 2002 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2042, and shall bear no interest. The principal of the Series 2002 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, and ending December 1, 2042, and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 A Loan Agreement and incorporated in and made a part of the Series 2002 A Bonds. The Series 2002 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the 2002 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 A Bonds.

B. Combined Waterworks and Sewerage System Revenue Bonds, Series 2002 B (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,388,495. The Series 2002 B

Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2034, and shall bear no interest. The principal of the Series 2002 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing on March 1, 2005, and ending on December 1, 2034 , and in the amounts as set forth in the "Schedule Y" attached to the Series 2002 B Loan Agreement and incorporated in and made a part of the Series 2002 B Bonds. The Series 2002 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2002 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2002 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2002 B Bonds set forth in the "Schedule Y" attached to the Series 2002 B Loan Agreement.

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

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreements, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreements by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the BPH, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon; provided that, the proceeds of the Bonds will be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, 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 designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Summersville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2002 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 A Bonds Reserve Account.

Section 10. Series 2002 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2002 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2002 A Bonds and the Series 2002 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2002 A Bonds and the Series 2002 B Bonds and related costs.

Section 12. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about December 18, 2002.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed by the Issuer. Monies in the Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 25th day of November, 2002.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the CITY OF SUMMERSVILLE on the 25th day of November, 2002.

Dated: December 18, 2002.

[SEAL]

Recorder

11/21/02
878730.00002

CITY OF SUMMERSVILLE

ORDINANCE

AN ORDINANCE AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $900,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 A, NOT MORE THAN $100,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 B, AND NOT MORE THAN $900,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 DELIEVERY 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" BY AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC WATER WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING CERTAIN COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $700,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 1997 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO THE SERIES 1997 A BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE:

I, Ron E Hancock, Recorder for the City of Summersville, do hereby certify that this ordinance is a true copy on this 2nd day of January, 1998.

Signed: Ron E Hancock
Ron E. Hancock

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 8, Article 20 and Chapter 31, Article 15A 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 City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a public combined water and sewer system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and its environs that there be designed and constructed certain additions, betterments and improvements for the existing waterworks facilities of the Issuer consisting of the extension of water lines to the Glade Creek Area and surrounding communities, by constructing 4,700 lineal feet of 16" waterline, 24,200 lineal feet of 8" waterline, 9,100 lineal feet of 6" waterline and 4,100 lineal feet of 2" waterline, together with valves, hydrants, air releases, service lines, meter settings and all appurtenant facilities (the "Project") which constitute properties for the distribution of water (the existing water and sewer system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $1,711,000.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Issuer.

C. The Issuer intends to issue its Water and Sewer System Revenue Bonds, Series 1997 A, in order to pay a portion of the costs of the Project, to provide funds to reimburse itself for costs of Project previously incurred and paid by the Issuer and to pay the costs of issuance of the Series 1997 A Bonds

D. 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.

E. It is deemed necessary for the Issuer to issue its Water and Sewer System Revenue Bonds Series 1997 A in the total aggregate principal amount of not more than $700,000.00 (the "Series 1997 A Bonds"). The proceeds of the Series 1997 A Bonds will used to finance certain costs for the construction and acquisition of the Project and to reimburse the Issuer for certain costs already incurred. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon

the Bonds prior to and during construction or acquisition and for a period not exceeding 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 such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

F. The Issuer intends to finance such costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") which administers the West Virginia Infrastructure Fund pursuant to the Act.

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

H. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into by and between the Issuer, the Authority, acting for and on behalf of the West Virginia Infrastructure and Jobs Development Council, in form satisfactory to the Issuer and the Authority, as shall be approved herein.

I. The following obligations which are secured by revenues of the System are currently outstanding:

First lien bonds:

a. 1967 Water and Sewer Revenue Note owned by the United States Department of Agriculture, originally in principal amount of $58,250.00, with a current outstanding balance of $21,752.00.

b. Series 1990 A Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $281,843.00, with a current outstanding balance of $272,890.00.

c. Series 1991 A Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $790,057.00, with a current outstanding balance of $769,492.00.

Second lien bonds

d. 1977 Water and Sewer Revenue Bonds owned by the United States Department of Agriculture, originally in principal amount of $290,000.00, with a current outstanding balance of $_____.

e. Series 1990 B Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $13,157.00, with a current outstanding balance of $11,129.

f. Series 1991 B Water and Sewer Revenue Bonds owned by the Authority, originally in principal amount of $35,671.00, with a current outstanding balance of $30,977.00.

Other than as set forth above, there are no outstanding 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 1997 A Bonds shall be secured by a first lien on the revenues of the System, which lien shall be shared on a proportionate basis with the Issuer's 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds.

J. 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, or will have so complied prior to issuance of any thereof, including 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 will have expired prior to the issuance of the Bonds or such final order shall not be subject to appeal.

K. 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; at least 95% of the Net Proceeds of the Bonds are to be used for the local governmental activities of the Issuer; and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(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 (other than private activity bonds) during the calendar year 1997.

L. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council, as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended, and the Council has authorized the Authority to make a loan to the Issuer from the West Virginia Infrastructure Fund.

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

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

"Act" means Chapter 8, Article 20 and Chapter 31, Article 15A 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 Series 1997 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority. acting in its administrative capacity and upon authorization from the Council under the Act.

"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 4.01 hereof.

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

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

"Bond Registrar" 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 Series 1997 A and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means, with respect to the Series 1997 A Bonds, the date upon which there is an exchange of the Bonds for the proceeds or at least a de minimis portion thereof, 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 Stafford Consultants, Incorporated, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Council" means the West Virginia Infrastructure and Jobs Development Council, or any successor thereto.

"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 1997 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 1997 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 it 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.

"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 1997 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 1997 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 1997 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 1997 A Bonds, ratably as original proceeds of the Series 1997 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 1997 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 Series 1997 A Bonds Reserve Account 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 1997 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1997 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 7.01 hereof).

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

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

"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 City of Summersville, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into by and between the Authority and the Issuer providing for the purchase of the Series 1997 A 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 by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1997 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1997 A Bonds Reserve Account. For purpose 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 1997 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.

"1967 Water and Sewer Note" means the Issuer's 1967 Water and Sewer Revenue Note described in Section 1.02I hereof.

"1977 Bonds" means the Issuer's 1977 Water and Sewer Revenue Bonds described in Section 1.02I hereof.

"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.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and the Paying Agent (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, 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.

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitations prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, as paying agent for the Series 1997 A Bonds.

"Prior Bonds" means those bonds set forth in Section 1.02I hereof.

"Prior Ordinance" means the Ordinance enacted by the council of the Issuer on May 28, 1991.

"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.

"Project" means the project as described in Section 1.02B hereof.

"Purchase Price," for the purpose of computation of the Yield of the Series 1997 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 1997 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 1997 A Bonds of each maturity is sold or, if the Series 1997 A Bonds are privately placed, the price paid by the first buyer of the Series 1997 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 1997 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 1997 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, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

"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 or continued by Section 5.01 of the Prior Ordinance.

"Revenue Fund" means the Revenue Fund established or continued by Section 5.01 of the Prior Ordinance.

"Series 1990 A Bonds" means Issuer's Water and Sewer Revenue Bond Series 1990 A described in Section 1.02I hereof.

"Series 1990 B Bonds" means Issuer's Water and Sewer Revenue Bond Series 1990 B described in Section 1.02I hereof.

"Series 1991 A Bonds" means Issuer's Water and Sewer Revenue Bond Series 1991 A described in Section 1.02I hereof.

"Series 1991 B Bonds" means Issuer's Water and Sewer Revenue Bond Series 1991 B described in Section 1.02I hereof.

"Series 1997 A Bonds" means the not more than $700,000.00 in aggregate principal amount of Water and Sewer System Revenue Bonds, Series 1997 A, of the Issuer issued pursuant to this Ordinance.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account continued or established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account continued or established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1991 A Bonds Reserve Account" means the Series 1991 A Bonds Reserve Account established in the Series 1991 A Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1991 B Bonds Reserve Account" means the Series 1991 B Bonds Reserve Account established in the Series 1991 B Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1990 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 1990 A Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1991 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 1991 A Bonds in the then current or any succeeding year.

"Series 1991 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1991 B Bonds in the then current or any succeeding year.

"Series 1997 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 1997 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 B Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1991 A Bonds Sinking Fund" means the Series 1991 A Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1991 B Bonds Sinking Fund" means the Series 1991 B Bonds Sinking Fund continued or established by Section 5.02 of the Prior Ordinance.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 4.02 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 Original Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds 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 existing water and sewer system facilities of the Issuer as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said water and sewer system; and shall include any and all additions, extensions, improvements properties or other facilities at any time acquired or constructed for the System after completion of the Project.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15 A of the West Virginia of 1931, as amended and in effect on the date of enactment hereof.

"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 1997 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 for the Construction and Acquisition of the Project. There is hereby authorized acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers. The Project consists generally of the

extension of water lines to the Glade Creek Area and surrounding communities, by constructing 4,700 lineal feet of 16" waterline, 24,200 lineal feet of 8" waterline, 9,100 lineal feet of 6" waterline and 4,100 lineal feet of 2" waterline, together with valves, hydrants, air releases, service lines, meter settings and all appurtenant facilities. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

It is estimated that the proposed construction will cost approximately $1,711,000.00, and will consist of the following:

Total Construction	$1,357,000.00
Legal	15,000.00
Land and Right-of-way	20,000.00
Bond Counsel	15,000.00
Basic Engineering	78,000.00
Inspection	66,500.00
Special Services – Engineering	12,000.00
Administration	20,000.00
Accountant	4,500.00
Craigsville PSD – Tank Allocation	70,000.00
Capitalized Interest	20,000.00
Interim Financing	10,000.00
Project Contingency	23,000.00
Total Costs	$354,000.00
Total Project	$1,711,000.00

Project costs will be paid for as follows:

Infrastructure Grant	743,000.00
Infrastructure Loan	639,000.00
HUD SCCD Grant	329,000.00
Total Funds	1,711,000.00

The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Council.

ARTICLE III

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

Section 3.01. Authorization of Series 1997 A Bonds. For the purposes of paying certain Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, there shall be issued negotiable Series 1997 A Bonds of the Issuer, in an aggregate principal amount of not more than $700,000.00. Said Series 1997 A Bonds shall be issued as a single bond and designated as "Water and Sewer System Revenue Bonds, Series 1997 A." The Series 1997 A Bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds shall be deposited in the Bond Construction Trust Fund.

Section 3.02. Terms of the Series 1997 A Bonds. The Series 1997 A Bonds shall bear interest at such rate or rates, shall be payable and 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, or as specifically provided in the Loan Agreement. The Series 1997 A 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 Series 1997 A 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 Series 1997 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1997 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 A Bonds 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 the date so specified therein.

Section 3.03. Execution of Bonds. The Bonds shall be executed, either manually or by facsimile, 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 or its agent, 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 Series 1997 A 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 Series 1997 A Bonds Reserve Account. No holder or holders of any of the Series 1997 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1997 A Bonds to be on Parity with the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds. The payment of the debt service of all the 1997 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, which first lien shall be shared prorata among the 1967 Water and Sewer Note, the Series 1990 A Bonds, the Series 1991 A Bonds and the Series 1997 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. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 A Bonds to the Bond Registrar, and the Registrar shall authenticate, register and deliver the Bonds to the original purchasers thereof upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar, on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Bonds to the original purchasers;

C. A certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Bonds.

Section 3.10. 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 1997 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SUMMERSVILLE
WATER AND SEWER SYSTEM REVENUE BOND
SERIES 1997 A

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ Dollars ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, without interest, in installments on March 1, June 1, September 1 and December 1 of each year, beginning _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

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 _____, 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 by and among the Issuer and the Authority, dated _____, 1997.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the water and sewer system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 1997, and _____, 1997, (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 ON A PARITY WITH THE 1967 WATER AND SEWER SYSTEM NOTE OF THE ISSUER (THE "1967 WATER AND SEWER NOTE"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $58,250, THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1990 A (THE "SERIES 1990 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF 281,843.00 AND THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1991 A (THE "SERIES 1991 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF 790,057, WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 1997 A BONDS.

This Bond is payable only from and secured by a first lien 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 1997 A 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1997 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for principal of and interest on the Series 1997 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 1997 A Bonds, provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Series 1997 A Bonds, or 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1997.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Summersville Water and Sewer System Revenue Bonds, Series 1997 A, 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: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ADVANCES

Date	Amount

EXHIBIT B

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 3.11. Sale of Series 1997 A Bonds; Ratification of Execution of Loan Agreement with Authority. The Series 1997 A 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 3.12. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding therefor.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Continuation or Establishment of Fund and Accounts with Depository Bank. The following special funds or accounts are hereby continued or 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 4.02. Continuation or Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby continued or established with the Commission:

Series 1997 A Bonds Sinking Fund; and

Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account.

Section 4.03. 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, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) From the moneys remaining in the Revenue Fund, the Issuer shall next transfer and, simultaneously (i) remit to the National Finance Office the amount required to pay the monthly principal and interest payment on the 1967 Water and Sewer Note, (ii) remit to the Commission 1/6th of the interest and 1/12th of the principal next ensuing on the Series 1990 A Bonds, (iii) remit to the Commission 1/6th of the interest and 1/12th of the principal next ensuing on the Series 1991 A Bonds, and (iv) commencing 3 months prior to the first date of payment of principal on the Series 1997 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on said Series 1997 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 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(3) Next, from the moneys remaining in the Revenue Fund, the Issuer shall next transfer and, simultaneously (i) remit to the National Finance Office the amount required to pay the monthly principal and interest payment on the 1977 Water and Sewer Revenue Bonds, (ii) remit to the Commission 1/12th of the principal next ensuing on the Series 1990 B Bonds, (iii) remit to the Commission 1/12th of the principal next ensuing on the Series 1991 B Bonds.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(4) Thereafter, the Issuer shall, remit to the Commission (i) an amount equal to 1/120th of the Series 1990 A Bonds Reserve Requirement, (ii) an amount equal to 1/120th of the Series 1991 A Bonds Reserve Requirement and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 A Bonds Reserve Account, Series 1991 A Bonds Reserve Account or the Series 1997 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit in each respective account, an amount equal to the Series 1990 A Bonds Reserve Requirement, the Series 1991 A Bonds Reserve Requirement or the Series 1997 A Bonds Reserve Requirement, as the case may be.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(5) Thereafter, the Issuer shall, remit to the Commission (i) an amount equal to 1/120th of the Series 1990 B Bonds Reserve Requirement and (ii) an amount equal to 1/120th of the Series 1991 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 B Bonds Reserve Account or Series 1991 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit in each respective account, an amount equal to the Series 1990 B Bonds Reserve Requirement or the Series 1991 B Bonds Reserve Requirement, as the case may be.

In the event there is insufficient money in the Revenue Fund to make the payments described in the paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis as to each series of bonds.

(6) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after 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 1990 A Bonds Reserve Account, the Series 1991 A Bonds Reserve Account, the Series 1990 B Bonds Reserve Account, the Series 1991 B Bonds Reserve Account, or the Series 1997 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 VII 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 1991 A Bonds Reserve Account, the Series 1990 B Bonds Reserve Account, the Series 1991 B Bonds Reserve Account, or the Series 1997 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 4.03(A)(2)(d)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the various Sinking Funds shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds for which it was deposited, as the same shall become due. Moneys in the respective Reserve Accounts shall be used only for the purpose of paying principal of and interest, if any, on the respective series of bonds for which it was deposited, as the same shall come due, when other moneys in respective Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the various Sinking Funds and respective 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 respective Sinking Fund to which it relates and applied to the next ensuing interest payments, if

any, due on the respective series of bonds for which it was deposited, and then to the next ensuing principal payments due thereon.

Any withdrawals from the any of the respective Reserve Accounts which result in a reduction in the balance of such Reserve Account to below the respective bond Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Section 4.03 (A) (1) – (5) above 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 1990 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1990 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1990 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1991 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1991 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1991 A Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1990 B Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1990 B Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1990 B Bonds Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1991 B Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1991 B Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1991 B Bonds then Outstanding and all interest to accrue until the maturity thereof.

The Issuer shall not be required to make any further payments into the Series 1997 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1997 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1997 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

The payments into the Sinking Fund 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 respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 1997 A Bonds Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A 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 Fund, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall complete the "monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its check to the Authority by the 5th day of each calendar month.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the Commission, the Registrar or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges fees and expenses then due.

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

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

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

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

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Application of Series 1997 A Bond Proceeds; Pledge of Unexpended Bond Proceeds. The moneys received from the sale of the Series 1997 A Bonds, as requisitioned by the Issuer, shall be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

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 1997 A Bonds.

Section 5.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from the Authority and the Council of the following:

(1) 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, or that Issuer has previously paid such item in connection with the Project is being reimbursed for such payment.

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 1997 A Bonds Reserve Account, and when 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 Series 1997 A Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. 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 VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1997 A Bonds issued hereunder shall be secured forthwith equally and ratably by a shared first lien on the Net Revenues derived from the operation of the System, which first lien is shared with the Issuer's 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 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 6.04. 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 _____.

Section 6.05. 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 Outstanding, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $50,000, 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 $50,000 but not in excess of $200,000, the Issuer shall first, in writing determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and 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 $50,000 and not in excess of $200,000, 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 $200,000 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 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07B, 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 Bonds may be issued as provided for in Section 6.07 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 1997 A 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.

The Issuer shall give the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System from any grants for the Project, or any other obligations related to the Project or the System.

Section 6.07. 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 and with the written consent of the Authority and the Council.

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 Authority and the Bank 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 Recorder prior to the issuance of such Parity Bonds.

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1997 A 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 1997 A 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 6.06 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 6.07, if there is first obtained by the Issuer the written consent of the Authority and the Council to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. The Issuer shall keep complete and accurate records of the cost of acquiring the Project Site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority or its agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing System, at any reasonable time following commencement of construction.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms,

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

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

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

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

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

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit C, and forward a copy to the Authority and the Council by the 15th day of each month.

The Issuer shall permit the Authority or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of the Project, the Issuer shall also provide the Authority or its agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 6.09. 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 an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account 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. In any event, subject to any requirements of law, the Issuer shall not reduce the rates and charges for services set forth in the rate ordinance described in the Section 6.04 hereof.

Section 6.10. 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 and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 6.11. 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 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of

the Project and bearing 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, the Council and the Issuer that the Project is adequate for the purposes for which it was designed, the funding plan submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained. At the completion of construction such engineer shall certify that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

Section 6.13. 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, or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 6.14. 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 6.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the Bank, 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 Bank, 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.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the

System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers 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, provided that the amounts and terms of such coverage are satisfactory to the Authority. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Council, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount at least equal to 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.

Section 6.16. Completion of Project. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project, and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.17. 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.

Section 6.18. Mandatory Connections. To the extent permitted by the laws of the State of West Virginia and the rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 6.19. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other State, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and reinvested by the Commission, 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,

the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

Section 7.02. 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 7.03. 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 7.03 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 7.03 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) 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.

In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States, an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived.

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 7.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 7.03, 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, including, without limitation, information with respect to earnings on all funds constituting "gross proceeds" of the Series 1997 A Bonds (as such term "gross proceeds" is defined in the Code). 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.

Section 7.04. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual report, financial statements, related information and notices of changes in usage and customer

base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. 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 the 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 Series 1997 A 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 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

Section 8.03. 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 IX

DEFEASANCE

Section 9.01. Defeasance of Series 1997 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 1997 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 1997 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 1997 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1997 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 1997 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 1997 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 1997 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 1997 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.

ARTICLE X

MISCELLANEOUS

Section 10.01. 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 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1997 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder 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 from gross income of the holders thereof.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Bonds.

Section 10.04. 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 10.05. 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 10.06. 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 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 10.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 10.08. 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 Nicholas Chronicle, which is a qualified newspaper of general circulation in The City of Summersville, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested 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 - July 28, 1997

Passed on Second Reading - August 11, 1997

Effective Date Following Public Hearing - August 25, 1997

Mayor

Recorder

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF SUMMERSVILLE
WATER AND SEWER SYSTEM REVENUE BOND
WEST VIRGINIA INFRASTRUCTURE AND JOB DEVELOPMENT COUNCIL
SERIES 1998 A

No. AR-1 $639,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 Six Hundred Thirty Nine Thousand and 00/100 Dollars ($639,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, without interest, in installments on March 1, June 1, September 1 and December 1 of each year, beginning March 1, 1999, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

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 by and between the Issuer and the Authority, acting on behalf of the West Virginia Infrastructure and Job Development Council, dated January 6, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the water and sewer system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 August 11, 1997, and January 2, 1998, (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 ON A PARITY WITH THE 1967 WATER AND SEWER SYSTEM NOTE OF THE ISSUER (THE "1967 WATER AND SEWER NOTE"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $58,250, THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1990 A (THE "SERIES 1990 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $281,843.00 AND THE WATER AND SEWER SYSTEM REVENUE BONDS SERIES 1991 A (THE "SERIES 1991 A BONDS") ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $790,057, WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF THE SERIES 1997 A BONDS.

This Bond is payable only from and secured by a shared first lien 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 1998 A 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 or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount required in any year for principal of and interest on the Series 1998 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 1998 A Bonds, provided however, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Series 1998 A Bonds, or 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.

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated January 6, 1998.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Summersville Water and Sewer System Revenue Bonds, (West Virginia Infrastructure and Job Development Council), Series 1998 A, 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: January 6, 1998

One Valley Bank,
as Registrar

By Charlotte L Morgan
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ADVANCES

Date	Amount
January 6, 1998	$50,280.00

Quarterly Debt Service Schedule

City of Summersville
$639,000
Infrastructure Fund Loan

Term (Yrs.): 40 Loan Rate: 0.00%

First Payment: 03/01/99 Final Payment: 12/1/37

12/1/97		-	-	-
3/1/98				
6/1/98				
9/1/98				
12/1/98				
3/1/99	1	4,096.15	-	4,096.15
6/1/99	2	4,096.16	-	4,096.16
9/1/99	3	4,096.15	-	4,096.15
12/1/99	4	4,096.16	-	4,096.16
3/1/00	5	4,096.15		4,096.15
6/1/00	6	4,096.16		4,096.16
9/1/00	7	4,096.15		4,096.15
12/1/00	8	4,096.16		4,096.16
3/1/01	9	4,096.15	-	4,096.15
6/1/01	10	4,096.16	-	4,096.16
9/1/01	11	4,096.15	-	4,096.15
12/1/01	12	4,096.16	-	4,096.16
3/1/02	13	4,096.15		4,096.15
6/1/02	14	4,096.16		4,096.16
9/1/02	15	4,096.15		4,096.15
12/1/02	16	4,096.16		4,096.16
3/1/03	17	4,096.15	-	4,096.15
6/1/03	18	4,096.16	-	4,096.16
9/1/03	19	4,096.15	-	4,096.15
12/1/03	20	4,096.16	-	4,096.16
3/1/04	21	4,096.15		4,096.15
6/1/04	22	4,096.16		4,096.16
9/1/04	23	4,096.15		4,096.15
12/1/04	24	4,096.16		4,096.16
3/1/05	25	4,096.15	-	4,096.15
6/1/05	26	4,096.16	-	4,096.16
9/1/05	27	4,096.15	-	4,096.15
12/1/05	28	4,096.16	-	4,096.16
3/1/06	29	4,096.15		4,096.15
6/1/06	30	4,096.16		4,096.16
9/1/06	31	4,096.15		4,096.15
12/1/06	32	4,096.16		4,096.16
3/1/07	33	4,096.15	-	4,096.15
6/1/07	34	4,096.16	-	4,096.16
9/1/07	35	4,096.15	-	4,096.15
12/1/07	36	4,096.16	-	4,096.16

Quarterly Debt Service Schedule

3/1/08	37	4,096.15	-	4,096.15
6/1/08	38	4,096.16	-	4,096.16
9/1/08	39	4,096.15	-	4,096.15
12/1/08	40	4,096.16	-	4,096.16
3/1/09	41	4,096.15	-	4,096.15
6/1/09	42	4,096.16	-	4,096.16
9/1/09	43	4,096.15	-	4,096.15
12/1/09	44	4,096.16	-	4,096.16
3/1/10	45	4,096.15	-	4,096.15
6/1/10	46	4,096.16	-	4,096.16
9/1/10	47	4,096.15	-	4,096.15
12/1/10	48	4,096.16	-	4,096.16
3/1/11	49	4,096.15	-	4,096.15
6/1/11	50	4,096.16	-	4,096.16
9/1/11	51	4,096.15	-	4,096.15
12/1/11	52	4,096.16	-	4,096.16
3/1/12	53	4,096.15	-	4,096.15
6/1/12	54	4,096.16	-	4,096.16
9/1/12	55	4,096.15	-	4,096.15
12/1/12	56	4,096.16	-	4,096.16
3/1/13	57	4,096.15	-	4,096.15
6/1/13	58	4,096.16	-	4,096.16
9/1/13	59	4,096.15	-	4,096.15
12/1/13	60	4,096.16	-	4,096.16
3/1/14	61	4,096.15	-	4,096.15
6/1/14	62	4,096.16	-	4,096.16
9/1/14	63	4,096.15	-	4,096.15
12/1/14	64	4,096.16	-	4,096.16
3/1/15	65	4,096.15	-	4,096.15
6/1/15	66	4,096.16	-	4,096.16
9/1/15	67	4,096.15	-	4,096.15
12/1/15	68	4,096.16	-	4,096.16
3/1/16	69	4,096.15	-	4,096.15
6/1/16	70	4,096.16	-	4,096.16
9/1/16	71	4,096.15	-	4,096.15
12/1/16	72	4,096.16	-	4,096.16
3/1/17	73	4,096.15	-	4,096.15
6/1/17	74	4,096.16	-	4,096.16
9/1/17	75	4,096.15	-	4,096.15
12/1/17	76	4,096.16	-	4,096.16
3/1/18	77	4,096.15	-	4,096.15
6/1/18	78	4,096.16	-	4,096.16
9/1/18	79	4,096.15	-	4,096.15
12/1/18	80	4,096.16	-	4,096.16
3/1/19	81	4,096.15	-	4,096.15
6/1/19	82	4,096.16	-	4,096.16
9/1/19	83	4,096.15	-	4,096.15
12/1/19	84	4,096.16	-	4,096.16
3/1/20	85	4,096.15	-	4,096.15

Quarterly Debt Service Schedule

6/1/20	86	4,096.16		4,096.16
9/1/20	87	4,096.16		4,096.16
12/1/20	88	4,096.16		4,096.16
3/1/21	89	4,096.15	-	4,096.15
6/1/21	90	4,096.16	-	4,096.16
9/1/21	91	4,096.15	-	4,096.15
12/1/21	92	4,096.16	-	4,096.16
3/1/22	93	4,096.15		4,096.15
6/1/22	94	4,096.16		4,096.16
9/1/22	95	4,096.15		4,096.15
12/1/22	96	4,096.16		4,096.16
3/1/23	97	4,096.15	-	4,096.15
6/1/23	98	4,096.16	-	4,096.16
9/1/23	99	4,096.15	-	4,096.15
12/1/23	100	4,096.16	-	4,096.16
3/1/24	101	4,096.15		4,096.15
6/1/24	102	4,096.16		4,096.16
9/1/24	103	4,096.15		4,096.15
12/1/24	104	4,096.16		4,096.16
3/1/25	105	4,096.15	-	4,096.15
6/1/25	106	4,096.16	-	4,096.16
9/1/25	107	4,096.15	-	4,096.15
12/1/25	108	4,096.16	-	4,096.16
3/1/26	109	4,096.15		4,096.15
6/1/26	110	4,096.16		4,096.16
9/1/26	111	4,096.15		4,096.15
12/1/26	112	4,096.16		4,096.16
3/1/27	113	4,096.15	-	4,096.15
6/1/27	114	4,096.16	-	4,096.16
9/1/27	115	4,096.15	-	4,096.15
12/1/27	116	4,096.16	-	4,096.16
3/1/28	117	4,096.15		4,096.15
6/1/28	118	4,096.16		4,096.16
9/1/28	119	4,096.15		4,096.15
12/1/28	120	4,096.16		4,096.16
3/1/29	121	4,096.15	-	4,096.15
6/1/29	122	4,096.16	-	4,096.16
9/1/29	123	4,096.15	-	4,096.15
12/1/29	124	4,096.16	-	4,096.16
3/1/30	125	4,096.15		4,096.15
6/1/30	126	4,096.16		4,096.16
9/1/30	127	4,096.15		4,096.15
12/1/30	128	4,096.16		4,096.16
3/1/31	129	4,096.15	-	4,096.15
6/1/31	130	4,096.16	-	4,096.16
9/1/31	131	4,096.15	-	4,096.15
12/1/31	132	4,096.16	-	4,096.16
3/1/32	133	4,096.15		4,096.15
6/1/32	134	4,096.16		4,096.16

Quarterly Debt Service Schedule

3/1/32	129	4,096.15	-	4,096.15
12/1/32	130	4,096.16	-	4,096.16
3/1/33	137	4,096.15	-	4,096.15
6/1/33	138	4,096.16	-	4,096.16
9/1/33	139	4,096.15	-	4,096.15
12/1/33	140	4,096.16	-	4,096.16
3/1/34	141	4,096.15	-	4,096.15
6/1/34	142	4,096.16	-	4,096.16
9/1/34	143	4,096.15	-	4,096.15
12/1/34	144	4,096.16	-	4,096.16
3/1/35	145	4,096.15	-	4,096.15
6/1/35	146	4,096.16	-	4,096.16
9/1/35	147	4,096.15	-	4,096.15
12/1/35	148	4,096.16	-	4,096.16
3/1/36	149	4,096.15	-	4,096.15
6/1/36	150	4,096.16	-	4,096.16
9/1/36	151	4,096.15	-	4,096.15
12/1/36	152	4,096.16	-	4,096.16
3/1/37	153	4,096.15	-	4,096.15
6/1/37	154	4,096.16	-	4,096.16
9/1/37	155	4,096.15	-	4,096.15
12/1/37	156	4,096.16	-	4,096.16
		639000.39	0.00	639000.39

Summary Statistics:

Average Annual Cost	$15,875.79
Average Life	20.375
Average Interest Rate	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:

	Line 19	Line 20
(a)	12/1/37	N/A
(b)	0.000%	N/A
(c)	4,096.16	$639,000.00
(d)	$4,096.16	$639,000.00
(e)	N/A	20.375
(f)	N/A	0.0000%
(g)	N/A	0.0000%

(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:

_____

_____

CITY OF SUMMERSVILLE

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $900,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 A, NOT MORE THAN $100,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 B, AND NOT MORE THAN $900,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 CITY OF SUMMERSVILLE:

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 8, Article 20 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 City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a combined public waterworks and sewerage system (the "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 the construction of approximately 6,040 lineal feet of 10-inch gravity sewer line, 8,860 feet of 8-inch gravity sewer line, 4 lift stations, 4,650 feet of 6-inch force main, 2,030 feet of 4-inch force main and upgrading the existing wastewater treatment plant capacity from 0.4 MGD to 0.76 MGD, all within the jurisdiction of the Issuer, and all appurtenant facilities (the "Project") which constitute properties for the collection and treatment of wastewater (the existing combined waterworks and sewerage system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $2,677,587.00, 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, as well as all payments required on the Prior Bonds.

D. It is deemed necessary for the Issuer to issue its Water and Sewer Revenue Bonds in the total aggregate principal amount of not more than $1,000,000.00 in two series, being the Series 1991 A Bonds in the aggregate principal amount of not more than $900,000.00, and the Series 1991 B Bonds in the aggregate of not more than $100,000.00 (collectively, the "Original Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its water and sewer system 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 $900,000.00 to finance temporarily 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 a period not exceeding 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; 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. Other than the Prior Bonds, as hereinafter defined, 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 1991 A Bonds shall be issued on a parity with the Issuer's 1967 Water and Sewer Revenue Note and the 1990 Series A Bonds. The Series 1991 B Bonds shall be issued on a parity with the Issuer's 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, and shall be junior and subordinate to the 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Surplus Revenues and proceeds of a letter of credit, if any, or from other funds of the Issuer available for such payment, 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 all parties to the proceedings shall have waived their right to appeal.

I. 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, hereinafter 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 8, Article 20 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 Series A and B" means the Bond Construction Trust Fund Series A and B 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", "City Recorder" 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 Stafford Consultants, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of 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 1991 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 1991 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.

"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 1991 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 1991 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 1991 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 1991 A Bonds ratably as original proceeds of the Series 1991 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 1991 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 1991 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1991 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, at the Issuer's option, 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 City of Summersville, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1991 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purpose 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 1991 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.

"1967 Water and Sewer Revenue Note" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00, with a current outstanding balance of $34,488.75.

"1977 Water and Sewer Revenue Bonds" means the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00 with a current outstanding balance of $269,146.31.

"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 $900,000.00 in aggregate principal amount of Water and Sewer System notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the 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 $900,000.00 in aggregate principal amount of Series 1991 A Bonds and the not more than $100,000.00 in aggregate principal amount of Series 1991 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

"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.

"Prior Bonds" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00, with a current outstanding balance of $34,488.75, the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00 with a current outstanding balance of $269,146.31, the Issuer's Water and Sewer Revenue Bonds 1990 Series A, in the original principal amount of $281,843.00 and the Issuer's Water and Sewer Revenue Bonds 1990 Series B, in the original principal amount of $13,157.00.

"Prior Ordinance" means the Ordinance enacted by the Issuer on March 19, 1990, under which the Series 1990 A Bonds and the Series 1990 B Bonds were issued.

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

the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Project" means the acquisition and construction of certain waterworks facilities of the Issuer, consisting generally of the construction of approximately 25,800 lineal feet of 8-inch sewer line and upgrading the wastewater treatment plant capacity from 0.4 MGD to 0.76 MGD within the jurisdiction of the Issuer, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1991 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 1991 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 1991 A Bonds of each maturity is sold or, if the Series 1991 A Bonds are privately placed, the price paid by the first buyer of the Series 1991 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 1991 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 1991 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 of the Prior Ordinance.

"Revenue Fund" means the Revenue Fund established by Section 5.01 of the Prior Ordinance.

"Series 1990 A Bonds" or "1990 Series A Bonds" means the $281,843.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1990 A, of the Issuer.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1990 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 1990 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Sinking Fund established by Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds" or "1990 Series B Bonds" means the $13,157.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1990 B, of the Issuer.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 of the Prior Ordinance.

"Series 1990 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 B Bonds Sinking Fund established by Section 5.02 of the Prior Ordinance.

"Series 1991 A Bonds" or "1991 Series A Bonds" means the not more than $900,000.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1991 A, of the Issuer.

"Series 1991 A Bonds Reserve Account" means the Series 1991 A Bonds Reserve Account established in the Series 1991 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991 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 1991 A Bonds in the then current or any succeeding year.

"Series 1991 A Bonds Sinking Fund" means the Series 1991 A Sinking Fund established by Section 5.02 hereof.

"Series 1991 B Bonds" or "1991 Series B Bonds" means the not more than $100,000.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1991 B, of the Issuer.

"Series 1991 B Bonds Reserve Account" means the Series 1991 B Bonds Reserve Account established in the Series 1991 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1991 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1991 B Bonds in the then current or any succeeding year.

"Series 1991 B Bonds Sinking Fund" means the Series 1991 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 existing combined waterworks and sewerage system facilities as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said combined waterworks and sewerage system; and shall include any and all additions, extensions, improvements properties or other facilities at any time acquired or constructed for the System after completion of 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 1991 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 $2,677,587.00, 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 1991 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 of the Original Bonds 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 $1,000,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Water and Sewer Revenue Bonds, Series 1991 A," in the aggregate principal amount of not more than $900,000.00, and "Water and Sewer Revenue Bonds, Series 1991 B," in the aggregate principal amount of not more than $100,000.00, 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) capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund Series A and B 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, either manually or by facsimile, 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 City Clerk. 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 1991 B Bonds to be Junior and Subordinate to Series 1991 A Bonds. The payment of the debt service of all the Series 1991 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, on a parity with the lien securing the Issuer's 1967 Water and Sewer Revenue Note and the 1990 Series A Bonds. The payment of the debt service of all the Series 1991 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 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds, but on a parity with the Issuer's 1977 Water and Sewer Revenue Bonds and the 1990 Series B 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 1991 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1991 A

$_____

No. AR-_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 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, _____. 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 _____, 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 _____, 1991.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 1991, and _____, 1991, (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 Water and Sewer Revenue Bonds, Series 1991 B, of the Issuer (the "Series 1991 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1991 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds. This Bond is issued on a parity with the Issuer's 1967 Water and Sewer Revenue Note and the Series 1990 A Bonds, as defined in the Bond Legislation.

This Bond is payable only from and secured by a first lien, shared with the holder of the Issuer's 1967 Water and Sewer Revenue Note and the Series 1990 A Bonds, 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 1991 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1991 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 1991 A Bonds Reserve Account and unexpended Bond proceeds and Series 1991 B Bonds 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 required in any year for principal of and interest on the Bonds, the Series 1991 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 1991 B Bonds, including, without limitation the 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds, the 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1991 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 1991 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991 B Bonds, as outlined above, 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated _____, 1991.

[SEAL]

_____
Mayor

ATTEST:

_____
City Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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: _____

_____, as Registrar

By _____
Its Authorized Officer

1

EXHIBIT A

3

SCHEDULE OF ANNUAL DEBT SERVICE

5

(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 1991 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1991 B

No. DR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 _____, 1991.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds")]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 1991, and _____, 1991 (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 WATER AND SEWER REVENUE BONDS, SERIES 1991 A, OF THE ISSUER (THE "SERIES 1991 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND THE ISSUER'S 1967 WATER AND SEWER REVENUE NOTE AND THE SERIES 1990 A BONDS DESCRIBED IN THE BOND LEGISLATION. THE BONDS ARE ISSUED ON A PARITY WITH THE ISSUER'S 1977 WATER AND SEWER REVENUE BONDS AND THE SERIES 1990 B BONDS 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 Issuer's 1967 Water and Sewer Revenue Note (as defined in the Bond Legislation), the Series 1990 A Bonds, the Series 1991 A Bonds herein described and to all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991 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 1991 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 required in any year for principal of and interest, if any, on the Bonds, the Series 1991 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 1991 A Bonds or the Bonds, including, without limitation, the 1967 Water Sewer Revenue Note, the Series 1990 A Bonds, the 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1991 B Bonds Reserve Account and the reserve account established for

the Series 1991 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 1991 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of _____, 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 1991 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated _____, 1990.

[SEAL]

_____
Mayor

ATTEST:

_____
City Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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: _____

_____
_____, as Registrar

By _____
Its Authorized Officer

(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. Amended Schedule A Filing; Tender of Series 1991 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding 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 1991 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 the acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1991 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 prior to obtaining permanent financing, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $900,000.00. The Notes may be in the form of promissory 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 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 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 Fund 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) Bond Construction Trust Fund Series A and B.

Section 5.01A Continuation of Funds Established Under Prior Ordinance. The following special funds, which were established under the Prior Ordinance, are hereby continued, for the use and benefit of the Bonds issued under this Ordinance:

(1) Revenue Fund; and

(2) Renewal and Replacement 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 1991 A Bonds Sinking Fund;

(a) Within the Series 1991 A Bonds Sinking Fund, the Series 1991 A Bonds Reserve Account.

(2) Series 1991 B Bonds Sinking Fund;

(a) Within the Series 1991 B Bonds Sinking Fund, the Series 1991 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. As provided by the Prior Ordinance, 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, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) 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 1991 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 1991 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1991 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 1991 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; provided that such payment shall made at the same time and on a parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series 1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(4) 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 1991 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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; provided that such payment shall made at the same time and on a parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series 1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(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 1991 A Bonds, if not fully funded upon issuance of the Series 1991 A Bonds, apportion and set apart out of the Revenue Fund and remit

to the Commission for deposit in the Series 1991 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 A Bonds Reserve Requirement; provided that such payment shall made at the same time and on a parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series 1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(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 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 1990 A Bonds Reserve Account and the Series 1991 A Bonds Reserve Account and exclusive of any payment made on account of the Depreciation Fund established and continued pursuant to the terms of the 1967 Water and Sewer Revenue Note and the 1977 Water and Sewer Revenue Bonds. 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 1990 A Bonds Reserve Account and the Series 1991 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 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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; provided that such payment shall be made at the same time and on a parity with the payment due on the Issuer's 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds. In the event there are insufficient moneys available to make the payments required on the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds on a prorata basis.

(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 1991 B Bonds, if not fully funded upon issuance of the Series 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 B Bonds Reserve Requirement; provided that such payment shall be made at the same time and on a parity with the payment due on the Issuer's 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds. In the event there are insufficient moneys available to make the payments required on the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds on a prorata basis.

Moneys in the Series 1991 A Bonds Sinking Fund and the Series 1991 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 1991 A Bonds Reserve Account and the Series 1991 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 Series C and D, 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 1991 A Bonds Reserve Account which result in a reduction in the balance of the Series 1991 A Bonds Reserve Account to below the Series 1991 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1991 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1991 B Bonds Reserve Account which result in a reduction in the balance of the Series 1991 B Bonds Reserve Account to below the Series 1991 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1991 A Bonds Sinking Fund, the Series 1991 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1991 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 1991 A Bonds Sinking Fund, or the Series 1991 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, Commission's fees 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.

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 Series C and D, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, <u>provided that</u>, 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 1991 A Bonds, there shall first be deposited with the Commission in the Series 1991 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 1991 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 1991 A Bonds, there shall be deposited with the Commission in the Series 1991 A Bonds Reserve Account and from the proceeds of the Series 1991 B Bonds, there shall be deposited with the Commission in the Series 1991 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 1991 A Bonds, there shall first be credited to the Bond Construction Trust Fund Series A and B 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 Series A and B 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 Series A and B and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund Series A and B set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund Series A and B shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1991 A Bonds, and thereafter for the Series 1991 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 Series A and B. 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 Series A and B (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 Series A and B only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund Series A and B 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 Series A and B. 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 Series A and B, 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 Series A and B to the Series 1991 A Bonds Reserve Account, and when fully funded to the Series 1991 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 1991 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement and Section 3.11 hereof, such moneys shall be applied to the purchase of such Series 1991 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 1991 A Bonds issued hereunder shall be secured forthwith equally and ratably by a shared first lien, on a parity with the 1967 Water and Sewer Revenue Note and the Series 1990 A Bonds, on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1991 B Bonds issued hereunder shall be secured forthwith equally and ratably by a shared second lien, on a parity with the 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, 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 1991 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 May 13, 1991.

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 1991 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 1991 A Bonds and the Series 1991 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 1991 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 1991 A Bonds, unless the Series 1991 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 Prior Bonds and 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 1991 A Bonds and the Series 1991 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 1991 A Bonds or the Series 1991 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.

<u>Section 7.08</u>. <u>Books and Records</u>. 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.

<u>Section 7.09</u>. <u>Rates</u>. 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 an amount equal to or in excess of the Reserve Requirement is 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 revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and submit a copy of such budget to the Authority within 30 days of its adoption. 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. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.16. 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.

Section 7.17. Mandatory Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, the Issuer shall require prospective users of the System to be connected thereto.

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.

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

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

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 1991 B Bonds shall be subject to those of the holders of the 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds and the Series 1991 A Bonds, and on a parity with the holders of the 1977 Water and Sewer Revenue Bonds and the Series 1990 B 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 1991 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 1991 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 1991 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 1991 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1991 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 1991 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 1991 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 1991 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 1991 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 1991 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 1991 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 1991 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 1991 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1991 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 1991 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 1991 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 1991 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 1991 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the 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 1991 A Bonds or the Series 1991 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. Any ordinances, orders or resolutions of the Issuer, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of 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 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 Charleston Daily Mail and The Beckley Register-Herald, which are qualified newspapers of general circulation in the City of Summersville, 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 City Council upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested 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 - May 13, 1991

Passed on Second Reading - May 28, 1991

Passed on Final Reading Following Public Hearing - June 10, 1991

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF SUMMERSVILLE on the 28th day of May, 1991.

Dated: August 13, 1991

[SEAL]

Ron Elbarcah
Recorder

FIRST SUPPLEMENTAL RESOLUTION

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $900,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 A, NOT MORE THAN $100,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 B, AND NOT MORE THAN $900,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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" PASSED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE, WEST VIRGINIA ON MAY 28, 1991; AND IN THE AFORE-MENTIONED ORDINANCE IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION; AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID ORDINANCE; NAMING UNITED NATIONAL BANK, AS REGISTRAR AND DEPOSITORY BANK; DESIGNATING THE MUNICIPAL BOND COMMISSION AS PAYING AGENT FOR THE BONDS; INSERTING CERTAIN INFORMATION IN BLANKS PROVIDED FOR IN SUCH ORDINANCE THE SAME TO BE PROVIDED BY THIS SUPPLEMENTAL RESOLUTION; APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE; APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT; AND APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF $295,000; AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The City of Summersville West Virginia (the "City"), on May 28, 1991, enacted an ordinance entitled "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $390,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 A, NOT MORE THAN $100,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1991 B, AND NOT MORE THAN $900,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 "Ordinance"), all in accordance with the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on June 13, 1991; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement dated as of August 13, 1991; and

WHEREAS, it is the intention of Governing Body of the City of Summersville, West Virginia that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest 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 Council of The City of Summersville, West Virginia:

1. United National Bank, Charleston, West Virginia, is hereby named and selected as the Bond Registrar and Depository Bank, as such terms appear in the Ordinance and United National Bank shall have and be entitled to the authority conferred on each term by said Ordinance.

2. The West Virginia Municipal Bond Commission is hereby designated as the paying agent for the Bonds.

3. The City has authorized by the Bond Ordinance this Supplemental Resolution which is adopted and pursuant hereto there is authorized and ordered to be issued in the aggregate principal amount Eight Hundred Twenty Five Thousand

Seven Hundred Twenty Eight Dollars ($825,728) of the City's Sewer and Water Revenue Bonds in the form of Series 1991 A Bonds in the aggregate principal amount of $790,057.00 and Series 1991 B Bonds in the aggregate principal amount of $35,671.00.

4. The Bonds shall be dated August 13, 1991, the same being the date of delivery to the Original Bond Purchaser and the Schedule of Annual Debt Service as attached hereto, is hereby approved and the same shall be inserted as Exhibit A on pages 26 and 33 of the Ordinance and shall be appended to the Series 1991 A and B Bonds as Exhibit A thereto. The Series 1991 A Bonds will bear interest at the rate of 8.10% per annum, from the date of delivery payable semi-annually on April 1 and October 1 of each year, commencing October 1, 1991, upon original issuance, with the final interest payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The principal of the Series 1991 A Bonds shall be payable annually, on October 1, commencing October 1, 1992, as more fully shown on the above-stated Schedule of Annual Debt Service. The Series 1991 A Bonds shall be issued in the form of one bond in the denomination of $790,057.00 All other provisions relating to the Series 1991 A Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

The Series 1991 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, commencing October 1, 1992, with the final principal payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The Series 1991 B Bonds shall be issued in the form of one Bond in the denomination of $35,671.00. All other provisions relating to the Series 1991 B Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

So long as the Authority is the holder or owner of either the 1991 Series A Bond or the 1991 Series B Bond, the City will not authorize the redemption of any Bond without the consent of the Authority.

The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the City and the West Virginia Water Development Authority, dated August 13, 1991, are hereby approved as to both form and content, a copy of which is hereby incorporated by reference.

5. The form of Bond as to the Series 1991 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Ordinance duly enacted by the City on the 28th day of May, 1991 as supplemented on August 7, 1991.

6. The Mayor of the City is hereby authorized and directed to execute and deliver the Loan Agreement and Supplemental Loan Agreement made by and between the City and the West Virginia Water Development Authority; and the Mayor, the City Recorder, and other officers and employees of the City are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the West Virginia Water Development Authority, as the Original Purchaser, and to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for.

7. The sale of the Series 1991 A and B Bonds in the aggregate principal amount of $825,728 to the West Virginia Water Development Authority, as Original Purchaser is hereby approved.

8. The line of credit in an amount not to exceed $900,000, with the United National Bank is hereby approved. Such line of credit shall bear at interest at a rate not exceeding 70% of United National Bank's Prime Interest Rate, as the same may from time to time change. The Mayor, the Recorder and any other appropriate officer of the City is authorized to execute and deliver to such Bank a loan agreement, reimbursement agreement, promissory note and such other documents as may be necessary or desirable in connection with such line of credit. It is understood that such line of credit shall be payable soley from the receipt of grant funds from the United States Economic Development Authority or from the Appalachian Regional Commission and from excess revenues, if any.

The City hereby designates the line of credit as a "qualified tax-exempt obligation" for the purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. The City hereby represents that it and all subordiante entities do not reasonably anticipate to issue, during the calendar year 1991, qualified tax-exempt obligations in excess of $10,000,000.

9. In accordance with the provisions of Section 6.01 of the Ordinance it is determined and hereby authorized that the sum of $63,345.00, from the proceeds of the Series A Bonds, be deposited in the 1991 Series A Bonds Sinking Fund, for capitalized interest on the Series A Bonds during the construction period and the sum of $0 shall be be deposited in the both the 1991 Series A Bonds and 1991 Series B Bonds Reserve Funds.

10. In Section 1.04 of the Ordinance the definition of "1967 Water and Sewer Revenue Note" is hereby amended and reenacted to read as follows:

"1967 Water and Sewer Revenue Note" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00.

11. In Section 1.04 of the Ordinance the definition of "1977 Water and Sewer Revenue Bonds" is hereby amended and reenacted to read as follows:

"1977 Water and Sewer Revenue Bonds" means the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00.

12. In Section 1.04 of the Ordinance the definition of "Prior Bonds" is hereby amended and reenacted to read as follows:

"Prior Bonds" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00, the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00, the Issuer's Water and Sewer Revenue Bonds 1990 Series A, in the original principal amount of $281,843.00 and the Issuer's Water and Sewer Revenue Bonds 1990 Series B, in the original principal amount of $13,157.00.

13. In Section 1.04 of the Ordinance the definition of "Project" is hereby amended and reenacted to read as follows:

"Project" means the acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer consisting of the construction of approximately 6,040 lineal feet of 10-inch gravity sewer line, 8,860 feet of 8-inch gravity sewer line, 4 lift stations, 4,650 feet of 6-inch force main, 2,030 feet of 4-inch force main and upgrading the existing wastewater treatment plant capacity from 0.4 MGD to 0.76 MGD, all within the jurisdiction of the Issuer, and all appurtenant facilities, which constitute properties for the collection and treatment of wastewater.

14. Section 2.01 of the Ordinance is hereby amended and reenacted to read as follows:

<u>Section 2.01</u>. <u>Authorization of Construction and Acquisition of the Project</u>. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $2,600,755.00, 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.

15. Section 5.01A of the Ordinance is hereby amended and reenacted to read as follows:

Section 5.01A Continuation of Funds Established Under Prior Ordinance. The following special funds, which were established or continued under the Prior Ordinance, are hereby continued, for the use and benefit of the Bonds issued under this Ordinance:

(1) Revenue Fund; and

(2) Renewal and Replacement Fund.

16. Section 5.03 of the Ordinance is hereby amended and reenacted to read as follows:

Section 5.03. System Revenues; Flow of Funds. A. As provided by the Prior Ordinance, 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, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) 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 1991 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 1991 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1991 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 1991 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; provided that such payment shall made at the same time and on a

parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series 1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(4) 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 1991 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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; provided that such payment shall made at the same time and on a parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series 1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(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 1991 A Bonds, if not fully funded upon issuance of the Series 1991 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 A Bonds Reserve Requirement; provided that such payment shall made at the same time and on a parity with the payment due on the Issuer's 1967 Water and Sewer Note and the Series

1990 A Bonds. In the event there are insufficient moneys available to make the payments required on the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1967 Water and Sewer Note, the Series 1990 A Bonds and the Series 1991 A Bonds on a prorata basis.

(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 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 1990 A Bonds Reserve Account and the Series 1991 A Bonds Reserve Account and exclusive of any payment made on account of the Depreciation Fund established and continued pursuant to the terms of the 1967 Water and Sewer Revenue Note and the 1977 Water and Sewer Revenue Bonds. 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 1990 A Bonds Reserve Account and the Series 1991 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 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1991 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 1991 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; provided that such payment shall be made at the same time and on a parity with the payment due on the Issuer's 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds. In the event there are insufficient moneys available to make the payments required on the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds on a prorata basis.

(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 1991 B Bonds, if not fully funded upon issuance of the Series 1991 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1991 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1991 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1991 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 1991 B Bonds Reserve Requirement; provided that such payment shall be made at the same time and on a parity with the payment due on the Issuer's 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds. In the event there are insufficient moneys available to make the payments required on the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds in accordance with the foregoing provision, the Issuer shall apply the available moneys to the 1977 Water and Sewer Revenue Bonds, the Series 1990 B Bonds and the Series 1991 B Bonds on a prorata basis.

Moneys in the Series 1991 A Bonds Sinking Fund and the Series 1991 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 1991 A Bonds Reserve Account and the Series 1991 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 Series A and B, 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 1991 A Bonds Reserve Account which result in a reduction in the balance of the Series 1991 A Bonds Reserve Account to below the Series 1991 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1991 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1991 B Bonds Reserve Account which result in a reduction in the balance of the Series 1991 B Bonds Reserve Account to below the Series 1991 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1991 A Bonds Sinking Fund, the Series 1991 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1991 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 1991 A Bonds Sinking Fund, or the Series 1991 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, Commission's fees 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.

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 Series A and B, 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.

17. Section 7.14B of the Ordinance is hereby amended and reenacted to read as follows:

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' 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.

18. The Depository Bank is hereby authorized to invest the proceeds of the Bonds deposited with it in Qualified Investments, as defined in the Ordinance, and as may be more specifically designated by the Mayor of the Issuer.

19. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by _____, seconded by _____ to adopt this Resolution. Motion carried by a vote of six in favor, none opposed and one abstention.

ENACTED: August 7, 1991.

_____
MAYOR

_____
RECORDER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1991 A

$790,057.00

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 SEVEN HUNDRED NINTY THOUSAND and FIFTY SEVEN DOLLARS ($790,057.00), 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, 1991. 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 United National Bank, 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 13, 1991.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds")

obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1991 B Bonds, including, without limitation the 1967 Water and Sewer Revenue Note, the Series 1990 A Bonds, the 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1991 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 1991 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1991 B Bonds, as outlined above, 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.

during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 May 28, 1991, and August 7, 1991, (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 Water and Sewer Revenue Bonds, Series 1991 B, of the Issuer (the "Series 1991 B Bonds"), issued in the aggregate principal amount of $35,671.00, which Series 1991 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds. This Bond is issued on a parity with the Issuer's 1967 Water and Sewer Revenue Note, the 1977 Water and Sewer Revenue Bonds and the Series 1990 A Bonds, as defined in the Bond Legislation.

This Bond is payable only from and secured by a first lien, shared with the holders of the Issuer's 1967 Water and Sewer Revenue Note, the 1977 Water and Sewer Revenue Bonds and the Series 1990 A Bonds, 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 1991 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1991 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 1991 A Bonds Reserve Account and unexpended Bond proceeds and Series 1991 B Bonds 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 required in any year for principal of and interest on the Bonds, the Series 1991 B Bonds, and all other

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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated August 13, 1991.

[SEAL]

_____
Mayor

ATTEST:

_____
City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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 13, 1991

United National Bank, as Registrar

By _____
Its Authorized Officer

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:

_____

West Virginia Water Development Authority
Local Loan from Series 1990 A
City of Summersville

DEBT SERVICE REPORT

DATE	PRINCIPAL	COUPON	INTEREST	ACCRETION	TOTAL
10/01/91			8,532.62		8,532.62
10/01/92	3,499.00	8.100	63,994.62	0.00	67,493.62
10/01/93	3,782.00	8.100	63,711.20	0.00	67,493.20
10/01/94	4,088.00	8.100	63,404.86	0.00	67,492.86
10/01/95	4,419.00	8.100	63,073.73	0.00	67,492.73
10/01/96	4,777.00	8.100	62,715.79	0.00	67,492.79
10/01/97	5,164.00	8.100	62,328.85	0.00	67,492.85
10/01/98	5,583.00	8.100	61,910.57	0.00	67,493.57
10/01/99	6,035.00	8.100	61,458.35	0.00	67,493.35
10/01/00	6,524.00	8.100	60,969.51	0.00	67,493.51
10/01/01	7,052.00	8.100	60,441.07	0.00	67,493.07
10/01/02	7,623.00	8.100	59,869.85	0.00	67,492.85
10/01/03	8,241.00	8.100	59,252.39	0.00	67,493.39
10/01/04	8,908.00	8.100	58,584.87	0.00	67,492.87
10/01/05	9,630.00	8.100	57,863.32	0.00	67,493.32
10/01/06	10,410.00	8.100	57,083.29	0.00	67,493.29
10/01/07	11,253.00	8.100	56,240.08	0.00	67,493.08
10/01/08	12,165.00	8.100	55,328.59	0.00	67,493.59
10/01/09	13,150.00	8.100	54,343.22	0.00	67,493.22
10/01/10	14,215.00	8.100	53,278.07	0.00	67,493.07
10/01/11	15,366.00	8.100	52,126.66	0.00	67,492.66
10/01/12	16,611.00	8.100	50,882.01	0.00	67,493.01
10/01/13	17,957.00	8.100	49,536.52	0.00	67,493.52
10/01/14	19,411.00	8.100	48,082.01	0.00	67,493.01
10/01/15	20,983.00	8.100	46,509.71	0.00	67,492.71
10/01/16	22,683.00	8.100	44,810.09	0.00	67,493.09
10/01/17	24,520.00	8.100	42,972.77	0.00	67,492.77
10/01/18	26,507.00	8.100	40,986.65	0.00	67,493.65
10/01/19	28,653.00	8.100	38,839.58	0.00	67,492.58
10/01/20	30,974.00	8.100	36,518.69	0.00	67,492.69
10/01/21	33,483.00	8.100	34,009.79	0.00	67,492.79
10/01/22	36,195.00	8.100	31,297.67	0.00	67,492.67
10/01/23	39,127.00	8.100	28,365.88	0.00	67,492.88
10/01/24	42,297.00	8.100	25,196.59	0.00	67,493.59
10/01/25	45,723.00	8.100	21,770.53	0.00	67,493.53
10/01/26	49,426.00	8.100	18,066.97	0.00	67,492.97
10/01/27	53,430.00	8.100	14,063.46	0.00	67,493.46
10/01/28	57,757.00	8.100	9,735.63	0.00	67,492.63
10/01/29	62,436.00	8.100	5,057.32	0.00	67,493.32
	790,057.00		1,783,213.37	0.00	2,573,270.37

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1991 B

$35,671.00

No. BR-1

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 FIVE THOUSAND SIX HUNDRED SEVENTY ONE DOLLARS ($35,671.00), 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 13, 1991.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 May 28, 1991, and August 7, 1991 (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.

IN WITNESS WHEREOF, the CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated August 13, 1991.

[SEAL]

_____
Mayor

ATTEST:

_____
City Recorder

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1991 A, OF THE ISSUER (THE "SERIES 1991 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $790,057.00 AND THE ISSUER'S 1967 WATER AND SEWER REVENUE NOTE, 1977 WATER AND SEWER REVENUE BONDS AND THE SERIES 1990 A BONDS DESCRIBED IN THE BOND LEGISLATION. THE BONDS ARE ISSUED ON A PARITY WITH THE SERIES 1990 B BONDS 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 Issuer's 1967 Water and Sewer Revenue Note (as defined in the Bond Legislation), 1977 Water and Sewer Revenue Bonds, the Series 1990 A Bonds, the Series 1991 A Bonds herein described and to all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1991 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 1991 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 required in any year for principal of and interest, if any, on the Bonds, the Series 1991 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 1991 A Bonds or the Bonds, including, without limitation, the 1967 Water Sewer Revenue Note, the Series 1990 A Bonds, the 1977 Water and Sewer Revenue Bonds and the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1991 B Bonds Reserve Account and the reserve account established for the Series 1991 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 1991 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations (as set forth above and in the Ordinance) 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 United National Bank, 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 1991 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.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1991 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 13, 1991

United National Bank, as Registrar

By _____
Its Authorized Officer

West Virginia Water Development Authority
Local Loan from Series 1990 A Pool
Debt Service Schedule - City of Summersville

Closing 8/13/91

Date	Interest Free Loan
10/1/91	
10/1/92	938.71
10/1/93	938.71
10/1/94	938.71
10/1/95	938.71
10/1/96	938.71
10/1/97	938.71
10/1/98	938.71
10/1/99	938.71
10/1/00	938.71
10/1/01	938.71
10/1/02	938.71
10/1/03	938.71
10/1/04	938.71
10/1/05	938.71
10/1/06	938.71
10/1/07	938.71
10/1/08	938.71
10/1/09	938.71
10/1/10	938.71
10/1/11	938.71
10/1/12	938.71
10/1/13	938.71
10/1/14	938.71
10/1/15	938.71
10/1/16	938.71
10/1/17	938.71
10/1/18	938.71
10/1/19	938.71
10/1/20	938.71
10/1/21	938.71
10/1/22	938.71
10/1/23	938.71
10/1/24	938.71
10/1/25	938.71
10/1/26	938.71
10/1/27	938.71
10/1/28	938.71
10/1/29	938.73
	$35,671.00

(Form of)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer 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:

_____

CITY OF SUMMERSVILLE

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $300,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $25,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 B, AND NOT MORE THAN $500,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 CITY OF SUMMERSVILLE:

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 8, Article 20 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 City of Summersville (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Nicholas County of said State.

B. The Issuer presently owns and operates a combined public water and sewer. 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 water facilities of the Issuer consisting of the construction of a 300,000 and 100,000 gallon water storage tank and 5,000 lineal feet of 8-inch and 12-inch water lines

to improve fire flow and domestic flow within the jurisdiction of the Issuer, and all appurtenant facilities (the "Project") which constitute properties for the collection and distribution of water (the existing combined waterworks and sewerage system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $792,961.00, 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, as well as all payments required on the Prior Bonds.

D. It is deemed necessary for the Issuer to issue its Water and Sewer Revenue Bonds in the total aggregate principal amount of not more than $325,000.00 in two series, being the Series 1990 A Bonds in the aggregate principal amount of not more than $300,000.00, and the Series 1990 B Bonds in the aggregate of not more than $25,000.00 (collectively, the "Original Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its water and sewer system notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $500,000.00 to finance temporarily 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 a period not exceeding 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. Other than the Prior Bonds, as hereinafter defined, 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 1990 B Bonds shall be junior and subordinate to the Series 1990 A Bonds as set forth herein. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Surplus Revenues and proceeds of a letter of credit, if any, or from other funds of the Issuer available for such payment, 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.

I. 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 8, Article 20 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 Stafford Consultants, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of 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 1990 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 1990 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.

"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 1990 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 1990 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 1990 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 1990 A Bonds ratably as original proceeds of the Series 1990 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 1990 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 1990 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1990 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, at the Issuer's option, 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 City of Summersville, in Nicholas County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1990 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purpose 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 1990 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.

"1967 Water and Sewer Revenue Note" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00, with a current outstanding balance of $34,488.75.

"1977 Water and Sewer Revenue Bonds" means the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00 with a current oputstanding balance of $269,146.31.

"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 $500,000.00 in aggregate principal amount of Water and Sewer System notes or notes evidencing a line of credit originally authorized hereby which may be issued by the Issuer, the terms of which shall be set forth in a Supplemental Resolution, and unless the context clearly indicates otherwise, the 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 $300,000.00 in aggregate principal amount of Series 1990 A Bonds and the not more than $25,000.00 in aggregate principal amount of Series 1990 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

"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.

"Prior Bonds" means the Issuer's Water and Sewer Revenue Note issued November 6, 1967, in the original principal amount of $58,250.00, with a current outstanding balance of $34,488.75, and the Issuer's Sewer Revenue Bonds, Series 1977, in the original principal amount of $290,000.00 with a current oputstanding balance of $269,146.31.

"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 waterworks facilities of the Issuer, consisting generally of the construction of a 300,000 and 100,000 gallon water storage tank and 5,000 lineal feet of 8-inch and 12-inch water lines to improve fire flow and domestic flow within the jurisdiction of the Issuer, and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1990 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 1990 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 1990 A Bonds of each maturity is sold or, if the Series 1990 A Bonds are privately placed, the price paid by the first buyer of the Series 1990 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 1990 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 1990 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.

"Series 1990 A Bonds" or "Series A Bonds" means the not more than $300,000.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1990 A, of the Issuer.

"Series 1990 A Bonds Reserve Account" means the Series 1990 A Bonds Reserve Account established in the Series 1990 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 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 1990 A Bonds in the then current or any succeeding year.

"Series 1990 A Bonds Sinking Fund" means the Series 1990 A Sinking Fund established by Section 5.02 hereof.

"Series 1990 B Bonds" or "Series B Bonds" means the not more than $25,000.00 in aggregate principal amount of Water and Sewer Revenue Bonds, Series 1990 B, of the Issuer.

"Series 1990 B Bonds Reserve Account" means the Series 1990 B Bonds Reserve Account established in the Series 1990 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1990 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1990 B Bonds in the then current or any succeeding year.

"Series 1990 B Bonds Sinking Fund" means the Series 1990 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 existing combined waterworks and sewerage system facilities as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said combined waterworks and sewerage system; and shall include any and all additions, extensions, improvements properties or other facilities at any time acquired or constructed for the System after completion of 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 1990 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 $792,961.00, 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 1990 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 of the Original Bonds 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 $325,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Water and Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than $300,000.00, and "Water and Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than $25,000.00, 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) 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 City Clerk. 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 1990 B Bonds to be Junior and Subordinate to Series 1990 A Bonds. The payment of the debt service of all the Series 1990 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, on a parity with the lien securing the Issuer's 1967 Water and Sewer Revenue Note. The payment of the debt service of all the Series 1990 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 1967 Water and Sewer Revenue Note and the Series 1990 A Bonds, but on a parity with the Issuer's 1977 Water and Sewer Revenue 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 1990 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1990 A

$_____

No. AR-_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 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, _____. 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 _____ _____, 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 _____, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system

facilities of the Issuer (the "Project"); (ii) [to pay interest on the Bonds of this series] (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iii) [to fund a reserve account for the Bonds]; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 1990, and _____, 1990, (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 Water and Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds. This Bond is issued on a parity with the Issuer's 1967 Water and Sewer Revenue Note.

This Bond is payable only from and secured by a first lien, shared with the holder of the Issuer's 1967 Water and Sewer Revenue Note, 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 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 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 1990 A Bonds Reserve Account and unexpended Bond proceeds and Series 1990 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 required in any year for principal of and interest on the Bonds, the Series 1990 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 1990 B Bonds, provided however, that so long as there exists in the Series 1990 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 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its _____, and has caused this Bond to be dated _____, 1990.

[SEAL]

_____
Mayor

ATTEST:

_____

_____

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

_____
_____, as Registrar

By _____
Its Authorized Officer

1 EXHIBIT A

3 SCHEDULE OF ANNUAL DEBT SERVICE

5

(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 1990 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1990 B

No. BR-_____ $_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 _____, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds")]; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 _____, 1990, and _____, 1990 (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 WATER AND SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $_____ AND THE ISSUER'S 1967 WATER AND SEWER REVENUE NOTE 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 Issuer's 1967 Water and Sewer Revenue Note (as defined in the Bond Legislation), the Series 1990 A Bonds herein described and to all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 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 1990 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 required in any year for principal of and interest, if any, on the Bonds, the Series 1990 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 1990 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve account established for the Series 1990 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 1990 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of _____, 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 1990 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its _____, and has caused this Bond to be dated _____, 1990.

[SEAL]

_____
Mayor

ATTEST:

_____

_____

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: _____

_____
_____, as Registrar

By _____
Its Authorized Officer

1

3

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.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project prior to obtaining permanent financing, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $500,000.00. The Notes may be in the form of promissory 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 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 Fund 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 1990 A Bonds Sinking Fund;

(a) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account.

(2) Series 1990 B Bonds Sinking Fund;

(a) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 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) So long as the Prior Bonds are outstanding, the Issuer shall first make all transfers and deposits as are required by the terms of the ordinances pursuant to which such bonds were issued.

(2) Thereafter, and when the Prior Bonds are no longer outstanding, the Issuer shall, each month, pay from the Revenue Fund the Operating Expenses of the System.

(3) 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 1990 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 1990 A Bonds Sinking Fund,

a sum equal to 1/6th of the amount of interest which will become due on said Series 1990 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 1990 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.

(4) 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 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 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 1990 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 1990 A Bonds, if not fully funded upon issuance of the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 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 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 1990 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 1990 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 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 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 1990 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 1990 B Bonds, if not fully funded upon issuance of the Series 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 B Bonds Reserve Requirement.

Moneys in the Series 1990 A Bonds Sinking Fund and the Series 1990 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 1990 A Bonds Reserve Account and the Series 1990 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 1990 A Bonds Reserve Account which result in a reduction in the balance of the Series 1990 A Bonds Reserve Account to below the Series 1990 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1990 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1990 B Bonds Reserve Account which result in a reduction in the balance of the Series 1990 B Bonds Reserve Account to below the Series 1990 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1990 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 1990 A Bonds Sinking Fund, or the Series 1990 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.

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, <u>provided that</u>, 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 1990 A Bonds, there shall first be deposited with the Commission in the Series 1990 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 1990 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 1990 A Bonds, there shall be deposited with the Commission in the Series 1990 A Bonds Reserve Account and from the proceeds of the Series 1990 B Bonds, there shall be deposited with the Commission in the Series 1990 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 1990 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 1990 A Bonds, and thereafter for the Series 1990 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 1990 A Bonds Reserve Account, and when fully funded to the Series 1990 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 1990 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 1990 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 1990 A Bonds issued hereunder shall be secured forthwith equally and ratably by a shared first lien, on a parity with the 1967 Water and Sewer Revenue Note, on the Net Revenues derived from the operation of the System and payment of the debt service of the Series 1990 B Bonds issued hereunder shall be secured forthwith equally and ratably by a shared second lien, on a parity with the 1977 Water and Sewer Revenue Bonds, 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 1990 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 August 1, 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 1990 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 1990 A Bonds and the Series 1990 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 1990 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 1990 A Bonds, unless the Series 1990 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 Prior Bonds and 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 1990 A Bonds and the Series 1990 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 1990 A Bonds or the Series 1990 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 an amount equal to or in excess of the Reserve Requirement is 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. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.16. 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.

Section 7.17. Mandatory Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, the Issuer shall require prospective users of the System to be connected thereto.

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.

The Trustee, if any, and the Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

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) 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.

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 1990 B Bonds shall be subject to those of the Holders of the Series 1990 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 1990 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 1990 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 1990 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 1990 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1990 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 1990 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 1990 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 1990 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 1990 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 1990 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 1990 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 1990 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 1990 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1990 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 1990 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 1990 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 1990 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 1990 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the 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

1 covenants, agreements and other obligations of the Issuer to the
Holders of the Notes shall thereupon cease, terminate and become
3 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 1990 A Bonds or the Series 1990 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 with the provisions of this Ordinance are, to the extent of 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 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 Charleston Daily Mail and The Beckley Register-Herald, which are qualified newspapers of general circulation in the City of Summersville, 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 City Council upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested 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 - February 12, 1990

Passed on Second Reading - March 19, 1990

Passed on Final Reading Following Public Hearing - April 2, 1990

Mayor

Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF SUMMERSVILLE on the 19th day of March, 1990.

Dated: April 6, 1990

[SEAL]

Recorder

RESOLUTION NO.

Resolution re: AMENDING AND SUPPLEMENTING AN ORDINANCE ENTITLED "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $300,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $25,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 B, AND NOT MORE THAN $500,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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" PASSED BY THE COUNCIL OF THE CITY OF SUMMERSVILLE, WEST VIRGINIA ON MARCH 19, 1990; AND IN THE AFORE-MENTIONED ORDINANCE IT IS PROVIDED THAT THE MATURITY DATES, INTEREST RATE, INTEREST PAYMENT DATES ON THE BONDS, AS WELL AS THE AGGREGATE PRINCIPAL AMOUNT SHOULD BE ESTABLISHED BY SUPPLEMENTAL RESOLUTION; AND PROVIDING FOR CERTAIN AMENDMENTS TO SAID ORDINANCE; NAMING CHARLESTON NATIONAL BANK, AS REGISTRAR AND DEPOSITORY BANK; DESIGNATING THE MUNICIPAL BOND COMMISSION AS PAYING AGENT FOR THE BONDS; INSERTING CERTAIN INFORMATION IN BLANKS PROVIDED FOR IN SUCH ORDINANCE THE SAME TO BE PROVIDED BY THIS SUPPLEMENTAL RESOLUTION; APPROVING THE SCHEDULE OF ANNUAL DEBT SERVICE; APPROVING THE FORM OF THE LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT AND AUTHORIZING THE MAYOR TO EXECUTE SUCH LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT; AND APPROVING THE SALE OF SAID BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY IN THE AGGREGATE PRINCIPAL AMOUNT OF $295,000; AS WELL AS TO OTHER MATTERS RELATING TO THE BONDS BE HEREIN PROVIDED FOR.

WHEREAS, the Council (the "Governing Body") of The City of Summersville West Virginia (the "City"), on March 19, 1990, enacted an ordinance entitled "ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT OF COMBINED PUBLIC WATERWORKS AND SEWERAGE SYSTEM FACILITIES OF THE CITY OF SUMMERSVILLE AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $300,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN $25,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER AND SEWER REVENUE BONDS, SERIES 1990 B, AND NOT MORE THAN $500,000.00 INTERIM CONSTRUCTION FINANCING, CONSISTING OF 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 "Ordinance"), all in accordance with the provisions of Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), which Ordinance became effective on April 2, 1990; and

WHEREAS, the Ordinance provides for the inclusion of certain information such as the maturity dates, interest rate, interest payment dates and sale price of the Bonds which should be established by way of Supplemental Resolution thereto, as well as other matters relating to the Bonds be herein provided for; and

WHEREAS, the Bonds are proposed to be purchased by the West Virginia Water Development Authority (the "Original Purchaser"), pursuant to a Loan Agreement and Supplemental Loan Agreement dated as of April 6, 1990; and

WHEREAS, it is the intention of Governing Body of the City of Summersville, West Virginia that this Resolution is, and the same shall be treated as, the Supplemental Resolution relative to the issuance of the subject Bonds as so provided for in said Ordinance; and

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution be adopted and that the Loan Agreement and Supplemental Loan Agreement be approved, that the price, the maturity date, the redemption provisions, the interest rate and the interest 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 Council of The City of Summersville, West Virginia:

1. Charleston National Bank, Charleston, West Virginia, is hereby named and selected as the Bond Registrar and Depository Bank, as such terms appear in the Ordinance and Charleston National Bank shall have and be entitled to the authority conferred on each term by said Ordinance.

2. The West Virginia Municipal Bond Commission is hereby designated as the paying agent for the Bonds.

3. The City has authorized by the Bond Ordinance this Supplemental Resolution which is adopted and pursuant hereto there is authorized and ordered to be issued in the aggregate principal amount Two Hundred Ninty Five Thousand

Dollars ($295,000) of the City's Sewer and Water Revenue Bonds in the form of Series 1990 A Bonds in the aggregate principal amount of $281,848.00 and Series 1990 B Bonds in the aggregate principal amount of $13,152.00.

4. The Bonds shall be dated April 6, 1990, the same being the date of delivery to the Original Bond Purchaser and the Schedule of Annual Debt Service as attached hereto, is hereby approved and the same shall be inserted as Exhibit A on pages 24 and 30 of the Ordinance and shall be appended to the Series 1990 A and B Bonds as Exhibit A thereto. The Series 1990 A Bonds will bear interest at the rate of 7.85% per annum, from the date of delivery payable semi-annually on April 1 and October 1 of each year, commencing October 1, 1990, upon original issuance, with the final interest payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The principal of the Series 1990 A Bonds shall be payable annually, on October 1, commencing October 1, 1991, as more fully shown on the above-stated Schedule of Annual Debt Service. The Series 1990 A Bonds shall be issued in the form of one bond in the denomination of $281,848.00. All other provisions relating to the Series 1990 A Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

The Series 1990 B Bonds will bear interest at the rate of 0% per annum, from the date of delivery, upon original issuance with principal payments to be made on the first day of October of each year, commencing October 1, 1991, with the final principal payment date and maturity on October 1, 2029, unless sooner redeemed with the prior written consent of the West Virginia Water Development Authority, its successors and/or assigns, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement. The Series 1990 B Bonds shall be issued in the form of one Bond in the denomination of $13,152.00. All other provisions relating to the Series 1990 B Bonds shall be as provided in the Ordinance, and the Bond shall be in substantially the form provided in the Ordinance.

So long as the Authority is the holder or owner of either the 1990 Series A Bond or the 1990 Series B Bond, the City will not authorize the redemption of any Bond without the consent of the Authority.

The form of the Loan Agreement and the Supplemental Loan Agreement, both made by and between the City and the West Virginia Water Development Authority, dated April 6, 1990, are hereby approved as to both form and content, a copy of which is hereby incorporated by reference.

5. The form of Bond as to the Series 1990 A and B Bonds shall be and the same are hereby amended to reflect that the Bonds are issued pursuant to the Ordinance duly enacted by the City on the 19th day of March, 1990 as supplemented on April 6, 1990.

6. The Mayor of the City is hereby authorized and directed to execute and deliver the Loan Agreement and Supplemental Loan Agreement made by and between the City and the West Virginia Water Development Authority; and the Mayor, the City Recorder, and other officers and employees of the City are hereby authorized and directed to do all things necessary and proper to cause the Bonds to be issued and delivered to the West Virginia Water Development Authority, as the Original Purchaser, and to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Ordinance approved and provided for.

7. The sale of the Series 1990 A and B Bonds in the aggregate principal amount of $295,000 to the West Virginia Water Development Authority, as Original Purchaser is hereby approved.

8. The line of credit in an amount not to exceed $356,000, with the United National Bank is hereby approved. Such line of credit shall bear at interest at a rate not exceeding 70% of United National Bank's Prime Interest Rate, as the same may from time to time change. The Mayor, the Recorder and any other appropriate officer of the City is authorized to execute and deliver to such Bank a loan agreement, reimbursement agreement, promissory note and such other documents as may be necessary or desirable in connection with such line of credit. It is understood that such line of credit shall be payable soley from the receipt of grant funds from the United States Economic Development Authority or from the Appalachian Regional Commission and from excess revenues, if any.

The City hereby designates the line of credit as a "qualified tax-exempt obligation" for the purposes of Section 265(b) of the Internal Revenue Code of 1986, as amended. The City hereby represents that it and all subordiante entities do not reasonably anticipate to issue, during the calendar year 1990, qualified tax-exempt obligations in excess of $10,000,000.

9. In accordance with the provisions of Section 6.01 of the Ordinance it is determined and hereby authorized that the sum of $24,940.00, from the proceeds of the Series A Bonds, be deposited in the 1990 Series A Bonds Sinking Fund, for capitalized interest on the Series A Bonds during the construction period and the sum of $0 shall be be deposited in the both the 1990 Series A Bonds and 1990 Series B Bonds Reserve Funds.

10. Section 1.02 B. of the Ordinance is hereby amended and reenacted to read as follows:

B. The Issuer presently owns and operates a combined public waterworks and sewerage system (the "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 water facilities of the Issuer consisting of the construction of a 300,000 and 100,000 gallon water storage tank and 5,000 lineal feet of 8-inch and 12-inch water lines to improve fire flow and domestic flow within the jurisdiction of the Issuer, and all appurtenant facilities (the "Project") which constitute properties for the collection and distribution of water at an estimated cost of $792,961.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

11. Section 1.02 D. of the Ordinance is hereby amended and reenacted to read as follows:

D. It is deemed necessary for the Issuer to issue its Water and Sewer Revenue Bonds in the total aggregate principal amount of not more than $325,000.00 in two series, being the Series 1990 A Bonds in the aggregate principal amount of not more than $300,000.00, and the Series 1990 B Bonds in the aggregate of not more than $25,000.00 (collectively, the "Original Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its water and sewer system notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than $500,000.00 to finance temporarily 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 a period not exceeding 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, 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.

12. Section 1.02 G. of the Ordinance is hereby amended and reenacted to read as follows:

G. Other than the Prior Bonds, as hereinafter defined, 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 1990 A Bonds shall issued on a parity with the 1967 Water and Sewer Revenue Note. The Series 1990 B Bonds shall be junior and subordinate to the Series 1990 A Bonds as set forth herein, but on a parity with the 1977 Water and Sewer Revenue Bonds. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Surplus Revenues and proceeds of a letter of credit, if any, or from other funds of the Issuer available for such payment, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

13. Section 1.02 I. of the Ordinance is hereby amended and reenacted to read as follows:

I. 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, hereinafter 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 1990.

14. Section 3.01 of the Ordinance is hereby amended and reenacted to read as follows:

<u>Section 3.01</u>. <u>Authorization of Bonds</u>. For the purposes of capitalizing interest on the Series 1990 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 of the Original Bonds 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 $325,000.00. Said Bonds shall be issued in two series, to be designated respectively, "Water and Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than $300,000.00, and "Water and Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than $25,000.00, 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.

15. Section 3.03 of the Ordinance is hereby amended and reenacted to read as follows:

Section 3.03. Execution of Bonds. The Bonds shall be executed, either manually or by facsimile, 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 City Clerk. 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.

16. The Ordinance is hereby amended by adding a new Section 3.11 to read as follows:

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule substantially in the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funding 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 1990 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 the acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding Notes have been paid.

17. Section 5.03 of the Ordinance is hereby amended and reenacted to read as follows:

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, each month, pay from the Revenue Fund the Operating Expenses of the System.

(2) 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 1990 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 1990 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1990 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 1990 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; provided that such payment shall be made simultaneously with and on a parity with the payment due on the 1967 Water and Sewer Revenue Note.

(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 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 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 1990 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; provided that such payment shall be made simultaneously with and on a parity with the payment due on the 1967 Water and Sewer Revenue Note.

(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 1990 A Bonds, if not fully funded upon issuance of the Series 1990 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 A Bonds Reserve Requirement; provided that such payment shall be made simultaneously with and on a parity with the payment due on the 1967 Water and Sewer Revenue Note.

(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 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 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account and exclusive of any payments made on account of the Depreciation Fund established and continued pursuant to the terms of the 1967 Water and Sewer Revenue Note and the 1977 Water and Sewer Revenue Bonds. 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 1990 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 1990 B

Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1990 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 1990 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; provided that such payment shall be made simultaneously with and on a parity with the payment due on the 1977 Water and Sewer Revenue Bonds.

(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 1990 B Bonds, if not fully funded upon issuance of the Series 1990 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1990 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1990 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1990 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 1990 B Bonds Reserve Requirement; provided that such payment shall be made simultaneously with and on a parity with the payment due on the 1977 Water and Sewer Revenue Bonds.

Moneys in the Series 1990 A Bonds Sinking Fund and the Series 1990 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 1990 A Bonds Reserve Account and the Series 1990 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 1990 A Bonds Reserve Account which result in a reduction in the balance of the Series 1990 A Bonds Reserve Account to below the Series 1990 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1990 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1990 B Bonds Reserve Account which result in a reduction in the balance of the Series 1990 B Bonds Reserve Account to below the Series 1990 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1990 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 1990 A Bonds Sinking Fund, or the Series 1990 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.

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.

18. The Depository Bank is hereby authorized to invest the proceeds of the Bonds deposited with it in Qualified Investments, as defined in the Ordinance, and as may be more specifically designated by the Mayor of the Issuer.

19. This Supplemental Resolution shall take effect immediately upon its adoption.

Motion by _____, seconded by _____ to adopt this Resolution. Motion carried unanimously.

ENACTED: April 2, 1990.

MAYOR

RECORDER

SCHEDULE OF ANNUAL DEBT SERVICE

City of Summerville
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 04-Apr-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90			10,755.24	10,755.24
01-Oct-91	7.85%	1,227.00	22,125.07	23,352.07
01-Oct-92	7.85%	1,322.00	22,028.75	23,350.75
01-Oct-93	7.85%	1,426.00	21,924.97	23,350.97
01-Oct-94	7.85%	1,537.00	21,813.03	23,350.03
01-Oct-95	7.85%	1,658.00	21,692.38	23,350.38
01-Oct-96	7.85%	1,788.00	21,562.22	23,350.22
01-Oct-97	7.85%	1,929.00	21,421.87	23,350.87
01-Oct-98	7.85%	2,080.00	21,270.44	23,350.44
01-Oct-99	7.85%	2,243.00	21,107.16	23,350.16
01-Oct-2000	7.85%	2,419.00	20,931.08	23,350.08
01-Oct-2001	7.85%	2,609.00	20,741.19	23,350.19
01-Oct-2002	7.85%	2,814.00	20,536.39	23,350.39
01-Oct-2003	7.85%	3,035.00	20,315.49	23,350.49
01-Oct-2004	7.85%	3,273.00	20,077.24	23,350.24
01-Oct-2005	7.85%	3,530.00	19,820.31	23,350.31
01-Oct-2006	7.85%	3,807.00	19,543.20	23,350.20
01-Oct-2007	7.85%	4,106.00	19,244.35	23,350.35
01-Oct-2008	7.85%	4,428.00	18,922.03	23,350.03
01-Oct-2009	7.85%	4,776.00	18,574.43	23,350.43
01-Oct-2010	7.85%	5,151.00	18,199.52	23,350.52
01-Oct-2011	7.85%	5,555.00	17,795.17	23,350.17
01-Oct-2012	7.85%	5,992.00	17,359.10	23,351.10
01-Oct-2013	7.85%	6,462.00	16,888.73	23,350.73
01-Oct-2014	7.85%	6,969.00	16,381.46	23,350.46
01-Oct-2015	7.85%	7,516.00	15,834.39	23,350.39
01-Oct-2016	7.85%	8,106.00	15,244.39	23,350.39
01-Oct-2017	7.85%	8,742.00	14,608.07	23,350.07
01-Oct-2018	7.85%	9,429.00	13,921.82	23,350.82
01-Oct-2019	7.85%	10,169.00	13,181.64	23,350.64
01-Oct-2020	7.85%	10,967.00	12,383.38	23,350.38
01-Oct-2021	7.85%	11,828.00	11,522.47	23,350.47
01-Oct-2022	7.85%	12,757.00	10,593.97	23,350.97
01-Oct-2023	7.85%	13,758.00	9,592.54	23,350.54
01-Oct-2024	7.85%	14,838.00	8,512.54	23,350.54
01-Oct-2025	7.85%	16,003.00	7,347.76	23,350.76
01-Oct-2026	7.85%	17,259.00	6,091.52	23,350.52
01-Oct-2027	7.85%	18,614.00	4,736.69	23,350.69
01-Oct-2028	7.85%	20,075.00	3,275.49	23,350.49
01-Oct-2029	7.85%	21,651.00	1,699.60	23,350.60
		281,848.00	639,577.09	921,425.09

SCHEDULE OF ANNUAL DEBT SERVICE

City of Summersville
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 06-Apr-90

Date	Interest Free Loan
01-Oct-90	337.26
01-Oct-91	337.23
01-Oct-92	337.23
01-Oct-93	337.23
01-Oct-94	337.23
01-Oct-95	337.23
01-Oct-96	337.23
01-Oct-97	337.23
01-Oct-98	337.23
01-Oct-99	337.23
01-Oct-2000	337.23
01-Oct-2001	337.23
01-Oct-2002	337.23
01-Oct-2003	337.23
01-Oct-2004	337.23
01-Oct-2005	337.23
01-Oct-2006	337.23
01-Oct-2007	337.23
01-Oct-2008	337.23
01-Oct-2009	337.23
01-Oct-2010	337.23
01-Oct-2011	337.23
01-Oct-2012	337.23
01-Oct-2013	337.23
01-Oct-2014	337.23
01-Oct-2015	337.23
01-Oct-2016	337.23
01-Oct-2017	337.23
01-Oct-2018	337.23
01-Oct-2019	337.23
01-Oct-2020	337.23
01-Oct-2021	337.23
01-Oct-2022	337.23
01-Oct-2023	337.23
01-Oct-2024	337.23
01-Oct-2025	337.23
01-Oct-2026	337.23
01-Oct-2027	337.23
01-Oct-2028	337.23
01-Oct-2029	
	13,152.00

SPECIMEN

WATER AND SEWER REVENUE BOND
SERIES 1990 A

April 6, 1990 $281,848.00

No. AR-1

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 Two Hundred Eighty One Thousand Eight Hundred Forty-eight and 00/100 Dollars ($281,848.00), 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, 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 Charleston National Bank, 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 April 6, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 March 19, 1990, and April 2, 1990, (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 Water and Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $13,152, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds. This Bond is issued on a parity with the Issuer's 1967 Water and Sewer Revenue Note.

This Bond is payable only from and secured by a first lien, shared with the holder of the Issuer's 1967 Water and Sewer Revenue Note, 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 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 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 1990 A Bonds Reserve Account and unexpended Bond proceeds and Series 1990 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 required in any year for principal of and interest on the Bonds, the Series 1990 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 1990 B Bonds, including, without limitation, the Issuer's 1967 Water and Sewer Revenue Note and 1977 Water and Sewer Revenue Bonds, provided however, that so long as there exists in the Series 1990 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 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated April 6, 1990.

SPECIMEN

[SEAL]

Mayor

ATTEST:

City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: April 6, 1990

SPECIMEN

SPECIMEN

City of Summerville
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 06-Apr-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90	7.85%	1,227.00	10,755.24	10,755.24
01-Oct-91	7.85%	1,322.00	22,125.07	23,352.07
01-Oct-92	7.85%	1,426.00	22,028.75	23,350.75
01-Oct-93	7.85%	1,537.00	21,924.97	23,350.97
01-Oct-94	7.85%	1,658.00	21,813.03	23,350.03
01-Oct-95	7.85%	1,788.00	21,692.38	23,350.38
01-Oct-96	7.85%	1,929.00	21,562.22	23,350.22
01-Oct-97	7.85%	2,080.00	21,421.87	23,350.87
01-Oct-98	7.85%	2,243.00	21,270.44	23,350.44
01-Oct-99	7.85%	2,419.00	21,107.16	23,350.16
01-Oct-2000	7.85%	2,609.00	20,931.08	23,350.08
01-Oct-2001	7.85%	2,814.00	20,741.19	23,350.19
01-Oct-2002	7.85%	3,035.00	20,536.39	23,350.39
01-Oct-2003	7.85%	3,273.00	20,315.49	23,350.49
01-Oct-2004	7.85%	3,530.00	20,077.24	23,350.24
01-Oct-2005	7.85%	3,807.00	19,820.31	23,350.31
01-Oct-2006	7.85%	4,106.00	19,543.20	23,350.20
01-Oct-2007	7.85%	4,428.00	19,244.35	23,350.35
01-Oct-2008	7.85%	4,776.00	18,922.03	23,350.03
01-Oct-2009	7.85%	5,151.00	18,574.43	23,350.43
01-Oct-2010	7.85%	5,555.00	18,199.52	23,350.52
01-Oct-2011	7.85%	5,992.00	17,795.17	23,350.17
01-Oct-2012	7.85%	6,462.00	17,359.10	23,351.10
01-Oct-2013	7.85%	6,969.00	16,888.73	23,350.73
01-Oct-2014	7.85%	7,516.00	16,381.46	23,350.46
01-Oct-2015	7.85%	8,106.00	15,834.39	23,350.39
01-Oct-2016	7.85%	8,742.00	15,244.39	23,350.39
01-Oct-2017	7.85%	9,429.00	14,608.07	23,350.07
01-Oct-2018	7.85%	10,169.00	13,921.82	23,350.82
01-Oct-2019	7.85%	10,967.00	13,181.64	23,350.64
01-Oct-2020	7.85%	11,828.00	12,383.38	23,350.38
01-Oct-2021	7.85%	12,757.00	11,522.47	23,350.47
01-Oct-2022	7.85%	13,758.00	10,593.97	23,350.97
01-Oct-2023	7.85%	14,838.00	9,592.54	23,350.54
01-Oct-2024	7.85%	16,003.00	8,512.54	23,350.54
01-Oct-2025	7.85%	17,259.00	7,347.76	23,350.76
01-Oct-2026	7.85%	18,614.00	6,091.52	23,350.52
01-Oct-2027	7.85%	20,075.00	4,736.69	23,350.69
01-Oct-2028	7.85%	21,651.00	3,275.49	23,350.49
01-Oct-2029			1,699.60	23,350.60
		281,848.00	639,577.09	921,425.09

AR-1

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: _____, _____.

SPECIMEN

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF SUMMERSVILLE
WATER AND SEWER REVENUE BOND
SERIES 1990 B

April 6, 1990 $13,152.00

No. BR-1

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia in Nicholas 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 Thirteen Thousand One Hundred Fifty-two and 00/100 Dollars ($13,152.00), 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 April 6, 1990.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the combined waterworks and sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 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 March 19, 1990, and April 2, 1990 (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 WATER AND SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF $281,848.00 AND THE ISSUER'S 1967 WATER AND SEWER REVENUE NOTE DESCRIBED IN THE BOND LEGISLATION, AND IS ALSO ISSUED ON A PARITY WITH THE ISSUER'S OUTSTANDING 1977 WATER AND SEWER REVENUE 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 after there has first been paid from said Net Revenues all payments then due and owing on account of the Issuer's 1967 Water and Sewer Revenue Note (as defined in the Bond Legislation) and the Series 1990 A Bonds herein described and from all moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 B Bonds Reserve Account"), and on a parity with the Issuer's 1977 Water and Sewer Revenue Bonds, 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 1990 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 required in any year for principal of and interest, if any, on the Bonds, the Series 1990 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 1990 A Bonds or the Bonds, including, without limitation, the Issuer's 1967 Water and Sewer Revenue Note and 1977 Water and Sewer Revenue Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account and the reserve account established for the Series 1990 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 1990 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including, without limitation, the Issuer's 1967 Water and Sewer Revenue Note and 1977 Water and Sewer Revenue Bonds, is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Charleston National Bank, 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 1990 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedant 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 CITY OF SUMMERSVILLE has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Recorder, and has caused this Bond to be dated April 6, 1990.

[SEAL]

SPECIMEN

ATTEST:

City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 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: April 6, 1990

[illegible] Registrar

SPECIMEN

EXHIBIT A

SPECIMEN

City of Summersville
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 06-Apr-90

Date	Interest Free Loan
01-Oct-90	337.26
01-Oct-91	337.23
01-Oct-92	337.23
01-Oct-93	337.23
01-Oct-94	337.23
01-Oct-95	337.23
01-Oct-96	337.23
01-Oct-97	337.23
01-Oct-98	337.23
01-Oct-99	337.23
01-Oct-2000	337.23
01-Oct-2001	337.23
01-Oct-2002	337.23
01-Oct-2003	337.23
01-Oct-2004	337.23
01-Oct-2005	337.23
01-Oct-2006	337.23
01-Oct-2007	337.23
01-Oct-2008	337.23
01-Oct-2009	337.23
01-Oct-2010	337.23
01-Oct-2011	337.23
01-Oct-2012	337.23
01-Oct-2013	337.23
01-Oct-2014	337.23
01-Oct-2015	337.23
01-Oct-2016	337.23
01-Oct-2017	337.23
01-Oct-2018	337.23
01-Oct-2019	337.23
01-Oct-2020	337.23
01-Oct-2021	337.23
01-Oct-2022	337.23
01-Oct-2023	337.23
01-Oct-2024	337.23
01-Oct-2025	337.23
01-Oct-2026	337.23
01-Oct-2027	337.23
01-Oct-2028	337.23
01-Oct-2029	
	13,152.00

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: _____

SPECIMEN

_____

In the presence of:

_____

TOWN OF SUMMERSVILLE

$290,000.00 Waterworks and Sewerage Revenue Bond

Series 1977

The undersigned hereby certify that the attached copy of the Bond Authorizing Ordinance entitled:

> ORDINANCE AUTHORIZING THE ISSUANCE OF $290,000.00 SEWER REVENUE BOND, SERIES 1977, OF THE TOWN OF SUMMERSVILLE TO FINANCE PART OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS FOR THE EXISTING SEWER SYSTEM OF THE TOWN; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN UPON THE SEWER SYSTEM; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

is a true copy of such ordinance as duly enacted by the Common Council of the Town of Summersville, West Virginia, enacted on July 1, 1977.

Dated this 13th day of September, 1977.

G. Dale Bailes

G. Dale Bailes
Town Recorder, Town of Summersville

Carroll T. Lay

Carroll T. Lay
Town Attorney, Town of Summersville

TOWN OF SUMMERSVILLE

Sewer Revenue Bond, Series 1977

BOND ORDINANCE

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TOWN OF SUMMERSVILLE

ORDINANCE AUTHORIZING THE ISSUANCE OF $290,000 SEWER REVENUE BOND, SERIES 1977, OF THE TOWN OF SUMMERSVILLE TO FINANCE PART OF THE COSTS OF ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS FOR THE EXISTING SEWER SYSTEM OF THE TOWN; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR THE FIXING, ESTABLISHING AND COLLECTING OF RATES AND CHARGES FOR THE SERVICES AND FACILITIES OF THE SYSTEM; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND AND FOR A STATUTORY MORTGAGE LIEN UPON THE SEWER SYSTEM; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF SUMMERSVILLE, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is enacted pursuant to the provisions of Article 20, Chapter 8 of the West Virginia Code and other applicable provisions of law (herein called "the Act").

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

(A) The Town of Summersville (herein called the "Town"), in the County of Nicholas, State of West Virginia, now owns a combined waterworks and sewerage system. The inhabitants of

the Town and surrounding area urgently require that the sewerage system be improved as herein provided in order to provide for the protection and preservation of the health, comfort, safety and economy of the inhabitants of said Town.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of said Town, and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements for such system (herein called the "System") of the Town consisting of collection and treatment facilities with all necessary appurtenant facilities (herein called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Commission of West Virginia.

(C) It is necessary for the Town to issue its revenue bond in the principal amount of $290,000 to finance part of the costs of acquisition and construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and the construction of the Project is $954,000, of which $290,000 will be obtained from the proceeds of sale of the Series 1977 Bond herein authorized, $505,000 will be obtained by a grant

from the Environmental Protection Agency, $136,000 from a prior PL 660 grant, and $23,000 by a grant from the West Virginia Water Development Authority.

(E) The cost of such acquisition and construction shall be deemed to include, without being limited to, the construction of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Series 1977 Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specification and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

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

(G) The following obligation of the Town ranks superior to the Series 1977 Bond as to lien and source of and security for payment:

Date of Issuance/Name	Original Principal Amount	Currently Outstanding Principal
July 1, 1950 Waterworks and Sewerage System Revenue Refunding and Improvement Bonds ("1950 Bonds")	$252,000	$67,000.00

(Cont'd)

Date of Issuance/Name	Principal Amount	Outstanding Balance
July 1, 1960 Waterworks and Sewerage System Revenue Bonds ("1960 Bonds")	$48,000	$ 48,000.00
November 6, 1967 Water and Sewer Revenue Note ("1967 Note")	$58,250	$ 50,396.11

(m) The Farmers Home Administration, United States Department of Agriculture, has given its written consent to the Town to issue its Series 1977 Bond.

(l) The 1950 Bonds were issued pursuant to the provisions of an ordinance of the Town adopted on June 6, 1950 (the "1950 Ordinance"); the 1960 Bonds were issued pursuant to the provision of the 1950 Ordinance and the provision of an ordinance of the Town adopted on May 12, 1960 (the "1960 Ordinance") which is supplemental to the 1950 Ordinance; and the 1967 Note was issued pursuant to an ordinance of the Town adopted on November 1, 1967 (the "1967 Ordinance").

Section 1.03. Ordinance to Constitute Contract. In consideration of the acceptance of the Series 1977 Bond by the Government, this ordinance shall be deemed to be and shall constitute a contract between the Town and such bondholder, and the covenants and agreements set forth in this ordinance to be

formed by the Town shall be for the benefit, protection and security of the legal holders of all the Bonds.

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

"Act" means Article 20, Chapter 8 of the West Virginia Code.

"Bond" or "Series 1977 Bonds" means the $290,000 Waterworks and Sewerage Revenue Bond, Series 1977, originally authorized to be issued pursuant to this Ordinance.

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

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

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

"Government" means United States Department of Agriculture, Farmers Home Administration and any successor thereof

"Herein" means in this Ordinance.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond registered to bearer or not registered, or the registered owner of any outstanding Bond which shall at the time be registered other than to the bearer.

"Mayor" means the Mayor of the Town.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Town relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operat-

ing expenses means also retention of not to exceed such sum as working capital.

"Original Purchaser" means the purchaser, directly from the Town, of the Series 1977 Bond or of any part of such Series.

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

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

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

"System" means the existing combined waterworks and sewerage system facilities as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the said combined waterworks and sewerage systems; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project.

"Town" means the Town of Summersville, in Nicholas County, West Virginia, and, where appropriate, also means the Council thereof and any department, board, agency or instrumentality thereof in control of the management and operation of the System.

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION REGISTRATION AND ISSUE OF SERIES 1977 BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Ordinance, the Bond of the Town, to be known as "Waterworks and Sewerage System Revenue Bond, Series 1977," is hereby authorized to be issued in the aggregate principal amount of not exceeding two hundred ninety thousand dollars ($290,000) for the purpose of financing part of the cost of the acquisition and construction of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, designated as No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

The Bond shall be subject to prepayment of scheduled installments, or any portion thereof, at the option of the Town, and shall be payable as provided in the Bond form hereinafter set forth.

Section 2.03. Execution of Bond. The Bond shall

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

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

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may require. The Bond so surrendered shall be canceled and held for the account of the Town. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the

Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.06. Bond Secured by Subordinated Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a subordinate lien on the Net Revenues derived from the System or hereinafter described in Section 3.02. The Bond is subordinate as to lien and source of and security for payment to the 1950 Bonds, the 1960 Bonds and the 1967 Note.

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

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS
TOWN OF SUMMERSVILLE

(Form of Bond)

WATERWORKS AND SEWERAGE REVENUE BOND, SERIES 1977

$290,000

No. 1 Date: _____

FOR VALUE RECEIVED, the TOWN OF SUMMERSVILLE (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of two hundred ninety thousand dollars ($290,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $1,424, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this

Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately

due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

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

This Bond is payable solely from the revenues to be derived from the operation of the combined Waterworks and Sewage System of the Town of Summersville, West Virginia, after there have been first paid from such revenues the reasonable current costs of operation and maintenance of such system. After provision has been made for the payments required to be made with regard to certain Waterworks and Sewage System Revenue Bonds dated July 1, 1950, certain Waterworks and Sewage System Revenue Bonds dated July 1, 1960; and a certain Water and Sewer Revenue Note dated November 6, 1967, outstanding as of the date hereof. This Bond is subordinate as to lien and source of and security for payment of all of the obligations described in the preceding sentence. This Bond does not in any manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 20 of Chapter 8 of the West Virginia Code (herein called the "Act").

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

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

TOWN OF SUMMERSVILLE
(Name of Borrower)

(Signature of Executive Official)

MAYOR
(Title of Executive Official)

400 North Broad Street
Summersville, West Va. 26651
(Post Office Box No. or Street Address)

Summersville, W.Va. 26651
(City, State and Zip Code)

[CORPORATE SEAL]

ATTEST:

D. Dale Bailey
(Signature of Attesting Official)

Notary Public
(Title of Attesting Official)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $		(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL _____

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS, REVENUES AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. All moneys received from the sale of the Bond shall be deposited on receipt by the Town in the Nicholas County Bank and the Farmers & Merchants Bank, equally, Summersville, West Virginia, each a member of Federal Deposit Insurance Corporation (herein called "FDIC") in a special account heretofore created and designated as "Town of Summersville Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of state and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Town solely for the purposes provided in this Ordinance.

Until completion of construction of the Project, the Town will transfer from the Project Construction Account and deposit in the Bond Fund, not later than fifteen days prior to the next interest payment date, such sums as shall be from time to time required to pay the interest becoming due on the Bond on such interest payment date if moneys in the Bond Fund are insufficient for such purpose.

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

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall first be used to refund promptly any overpayment made with respect to the aforesaid federal grant(s), and any moneys then remaining in the Project Construction Account shall be promptly used to prepay installments of the Bond or a portion thereof and any residue shall be deposited in the Bond Fund.

Section 3.02. Covenants as to Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Account hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the

entire principal of the Bond from the source hereinafter described, together with interest accrued and to accrue thereon, the Town further covenants with the holders of the Bonds as follows:

(A) Revenue Funds. After the transfer and deposits from the net revenues from the System have been made in compliance with the provisions of the 1950 Ordinance, the 1960 Ordinance and the 1967 Ordinance, there shall be transferred from the Depreciation Fund created under the 1950 Ordinance and deposited in a special fund at the office and place designated in the Bond (herein called the "Bond Fund"), the amount set forth in the Bond to pay the interest on the Bond and to amortize the principal of the Bond of its life, and in addition shall deposit in a special fund (to be known as the "1977 Series Bond Revenue Fund") in a bank in the State of West Virginia which is a member of FDIC, 1/12 of 1/10 of the maximum amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals such maximum amount. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond as the same shall become due or for prepayment of installments or for mandatory redemption of Bonds of all series as hereinafter provided, and for no other purpose.

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

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

The Fiscal Agent shall keep the moneys in the Reserve Fund invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the maximum amount required to

be accumulated therein is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Fiscal Agent.

(B) Change of Fiscal Agent. The Town may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Town determines by Ordinance that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Town will cause notice of the change to be sent by registered or certified mail to the Government.

(C) User Contracts. The Town shall, prior to delivery of the Bond, obtain user agreements from not less than 988 users in the area to be served by the Project, and shall collect and deposit in the Operation and Maintenance Fund not less than $148,200 based on a tap fee of $150.00.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to pay when due, or redeem or purchase prior to maturity, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon and any applicable redemption premiums, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the District and the Bondholders.

Section 4.02. Rates. The Town will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the average annual debt service on the 1950 Bonds, the 1960 Bonds, the 1967 Note and the 1977 Series Bond outstanding and to make the payments required herein for principal of and interest on such obligation and into the various funds created by the pertinent Ordinance with regard to such obligation and for all the necessary expenses of operating and maintaining the System during such fiscal

year; and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only with written consent of the Government, and such consent will specify the disposition of any such sale or transfer.

Section 4.04. Insurance and Bonds. The Town hereby covenants and agrees that so long as any of the Bonds remain outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than $500,000 for personal liability to protect the Town from claims for bodily injury and/or death, and not less than $200,000 from claims for damages to property of others which may arise from the Town's operation of the System, such insurance to be procured at the commencement of construction of the Project.

(c) Vehicular Public Liability Insurance, in the event the Town owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Town is operated for the benefit of the Town, with limits of not less than $500,000 for personal liability to protect the District from claims for bodily injury and/or death, and not less than $200,000 from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle.

(d) Workmen's Compensation Coverage for all Employees of the Town Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38,

Article 2, Section 39.

(e) Fidelity Bonds will be provided as to every officer and employee of the Town having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $20,000 and to be increased thereafter as necessary to cover the maximum amount of funds under control of that position at any one time, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

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

Section 4.05. Statutory Mortgage. For the further protection of the holders of the Bonds and the coupons appertaining thereto, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby

recognized and declared to be valid and binding and shall take effect immediately upon delivery of any of the Bonds. The lien in favor of the holders of this Bond is recognized to be subordinate to the lien created in favor of the holders of the 1959 Bonds, the 1960 Bonds and the 1967 Note.

Section 4.06. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of the principal, and, if any premium be due, of such premium, of any of the Bonds either at the date therein specified for their payment or on the date fixed for redemption by proceedings for redemption, or otherwise;

(B) Failure to make payment of any installment of interest due on any of the Bonds on the date specified for the payment of such interest;

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

Section 4.07. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, any Bondholder may proceed to protect and enforce the rights of the Bondholders by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

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

Section 4.08. Fiscal Year; Budget. While the 1977 Series Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation

and maintenance of the System. Not later than thirty days prior to the beginning of each fiscal year, the Town agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Board. Copies of each Annual Budget shall be delivered to the Government by the beginning of each fiscal year.

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

Section 4.09. Covenant to Proceed. The Town hereby covenants to proceed as promptly as possible with the construction of the Project in accordance with the plans and

specifications prepared by the Consulting Engineer and on file with the Secretary of the Board on the date of adoption of this Ordinance.

Section 4.10. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds, his agents and representatives, shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Town relating thereto.

The Town shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants, shall mail a copy of such audit report to the Government and the original purchaser of the Bonds, and shall make available the report of said accountants at all reasonable times to any holder or holders of the Bonds, or any customer receiving services from the System, or anyone acting for and in behalf of such Bondholder, Bondholders or customer.

Section 4.11. Maintenance of System. The District covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as any of the

Bonds are outstanding.

Section 4.12. No Competition. The Town will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to, or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the District or within the territory served by the System.

Section 4.13. Concerning Arbitrage. It is covenanted by the Town that the proceeds of sale of the Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended. The Fiscal Agent is hereby expressly instructed not to violate such rules in investing such proceeds.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the System in effect as of the date of enactment of the Ordinance shall constitute the initial schedule of rates and charges.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Delivery of Bond No. 1. The Mayor, and Recorder of the Town are hereby authorized and directed to cause Bond No. 1, representing all the Series 1977 Bond issue, hereby awarded to the Government pursuant to agreement, to be delivered to the Government as soon as the Government will accept such delivery and pay for Bond No. 1.

Section 6.02. Modification or Amendment. No material modification or amendment of this ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the holders of two-thirds or more in principal amount of the Bonds then outstanding; provided, however, that no modification or amendment shall permit a change in the maturity of any of the Bonds or a reduction in the rate of interest thereon, or in the amount of the principal obligation, or affecting the unconditional promise of the Town to pay the principal of and interest on the Bonds as the same shall become due from the revenues of the System, without the consent of the holders of such Bonds. Notwithstanding the above, no amendment or modification shall be made without unanimous consent of the bondholders which would reduce the percentage of the principal amount of Bonds required for consent to the above-

permitted amendments or modifications and for consent of 75% of the holders of each Series of Bonds outstanding to waiver or modification of the limitation upon issuance of additional parity bonds contained in Section 4.05B.

Section 6.03. Refunding of Bonds Permitted. The Town reserves the right, subject to applicable provisions of law, to refund the Bonds when in its judgment it would be to the best interest of the Town and of its habitants so to do. Upon payment of all the Bonds outstanding, prior to or simultaneously with the issuance of any refunding bonds or of an issue of bonds for the purposes of refunding the Bonds then outstanding and providing funds for additions, expansions and improvements to the System, or upon provision for such payment by deposit irrevocably in trust, with the State Sinking Fund Commission of West Virginia, of a sum equal to the principal amount of the Bonds outstanding, plus an amount equal to all interest accrued and to accrue to the date of payment or redemption of such Bonds, and plus an amount sufficient to pay all applicable redemption premiums on the earliest practical redemption date, the security, pledge and any lien applicable to the Bonds then outstanding shall immediately cease and determine. The sum so deposited in trust shall be used solely to pay at the earliest practical redemption date the principal amount of the Bonds and all interest thereon to the date of redemption and any applicable

redemption premiums, or to purchase Bonds at not to exceed the par value of the Bonds plus interest accrued to date of purchase. The moneys so deposited may be invested by the State Sinking Fund Commission in direct obligations of the United States of America or obligations the payment of the principal of and interest on which is guaranteed by the United States of America, having maturities not later than the dates on which the moneys shall be required to be used for such redemption.

Section 6.04. Severability of Invalid Provision

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

Section 6.05. Conflicting Provisions Repealed.

All ordinances and orders, or parts thereof, in conflict with the provisions of this ordinance, are, to the extent of

such conflicts, hereby repealed.

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

Section 6.07. Publication of Ordinance. The Town Recorder is hereby authorized and directed to publish an abstract of this ordinance as a Class II legal advertisement in compliance with the Act and Chapter 59, Article 3 of the Code of West Virginia, 1931, as amended in the Nicholas Chronicle, the only ~~two~~ newspapers of general circulation in the Town of Summersville, with such notice stating that this ordinance has been adopted and that any person interested may appear before the Council on a date, and at a time and place, as provided in said notice, the date being not less than ten (10) days after the first publication of said abstract, at which time and place all parties and interests may appear before the Council and may be heard as to whether or not this ordinance shall be put into effect and said notice shall also provide that a certified copy of this ordinance shall be on file in the office of the Town Recorder for review by interested persons during the regular office hours of such office. The abstract of this ordinance shall be reviewed by Council prior to the publication thereof so that Council may determine that such

[illegible] to [illegible]

[illegible] of this ordinance.

Section [illegible]. [illegible]

[illegible] that all acts, conditions, things and [illegible] [illegible] to happen, to be performed or to be taken pre-[illegible] to and in the final enactment and passage of this Ordinance [illegible], have happened, have been performed and have been taken [illegible] and the time, form and [illegible] as required by and in full [illegible] with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Town Recorder and the members of Council of the [illegible] at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Adopted July [illegible]

[illegible]
Mayor

[illegible]
Recorder

TOWN OF SUMMERSVILLE
G. DALE BAILES, Recorder
Telephone 872-1211
SUMMERSVILLE, WEST VIRGINIA 26651

DATE: 9-13-97

STATE OF WEST VIRGINIA
COUNTY OF NICHOLAS
TOWN OF SUMMERSVILLE to wit:

I, G. DALE BAILES BEING THE RECORDER OF THE TOWN OF SUMMERSVILLE, WEST VIRGINIA SINCE JULY 12, 1976, DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND ACCURATE COPY OF THE ORIGINAL WHICH IS ON FILE IN MY OFFICE.

G. Dale Bailes

G. DALE BAILES
RECORDER