Series 2009 A BAN Payoff

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund)

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SERIES 2009 A BAN PAYOFF

TOWN OF SUMMERSVILLE

COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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TOWN OF SUMMERSVILLE

BOND ORDINANCE

ORDINANCE AUTHORIZING PAYING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A 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 $1,158,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND); 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 A LOAN AGREEMENT 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 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 "Bond Legislation"), is enacted pursuant to the provisions of Chapter 8, Article 20 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 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, for the health and welfare of the inhabitants of the Issuer, the Issuer 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, which consisted of 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 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").

C. The total Cost of the Project was $12,110,000 of which $4,661,505 was obtained from the Series 2002 A Bonds; $2,388,495 was obtained from the Series 2002 B Bonds; $1,500,000 was obtained from an Appalachian Regional Commission grant; $1,500,000 was obtained from a U.S. Economic Development Administration grant; and $1,110,000 was obtained from the Prior Notes.

The Issuer has heretofore temporarily financed a portion of the acquisition and construction of certain additions, extensions and improvements to the System by issuance of its Combined Waterworks and Sewerage System Bond Anticipation Note, 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 Issuer hereby determines that it is necessary and desirable to pay in full the Prior Notes with the proceeds of the Series 2012 A Bonds.

D. The Prior Notes were issued pursuant to an ordinance of the Issuer duly adopted on November 10, 2008 as supplemented (collectively, the "Prior Note Ordinance").

E. Pursuant to the Act, the Issuer is authorized and empowered to issue bonds for the purpose of paying or discharging all or any part of the Prior Notes.

F. The Issuer intends to pay the Prior Notes through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council") which the Authority administers pursuant to the Act.

G. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $1,158,000 (the "Series 2012 A Bonds"), as a single bond, (i) to pay the Prior Notes and (ii) to pay the costs of issuance thereof. The payment of the Prior Notes shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of paying the Prior Notes; interest, if any, upon the Series 2012 A Bonds; amounts which may be deposited in the Series 2012 A Bonds Reserve Account (as hereinafter defined); 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 2012 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, 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 2012 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs, as hereinafter defined.

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 2012 A Bonds 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 on behalf of the Council, in form satisfactory to the respective parties, to be approved hereby if not previously approved by resolution of the Issuer.

J. Upon Payment of the Prior Notes, the Issuer has the following outstanding obligations secured by and payable from a pledge of the Net Revenues of the System: (1) Combined Waterworks and Sewerage System 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"); (2) Combined Waterworks and Sewerage System 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) Water and Sewer 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"); (8) Water and Sewer 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"); (9) Water and Sewer 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 (10) Waterworks and Sewerage 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) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development

Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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 2012 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2012 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2012 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holder of the Second Lien Bonds to the issuance of the Series 2012 A Bonds senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2012 A Bonds as to liens, pledge and source of and security for payment being the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2011 A (United Bank, Inc.), dated August 19, 2011, issued in the original aggregate principal amount of $350,000 (the "Series 2011 A Notes"). The Series 2011 A Notes are not secured by the revenues of the system.

K. The estimated revenues are 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 (as hereinafter defined).

L. 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 2012 A Bonds, 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.

M. 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. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2012 A Bonds by 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 Bondholders of any and all of such Bonds, all which shall be of equal rank and without

preference, priority or distinction between any one Bond and any other Bonds and 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 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 2012 A Bonds, 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 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 2012 A Bonds, 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 2012 A Bonds for all or a portion of the proceeds of the Series 2012 A Bonds 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, 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" means those costs described in Section 1.02D hereof.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any successor thereto.

"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, collectively, the Series 2009 A Bonds, Series 2009 B Bonds, 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.

"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 Qualifies 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.

"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 on behalf of the Council, providing for the purchase of the Series 2012 A Bonds, 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 2012 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2012 A Bonds Reserve Account.

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

"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 Bonds, 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 or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or any Prior 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.

"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 such other entity or authority as may be designated as a Paying Agent for the Series 2012 A Bonds by the Issuer in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means, collectively, the Series 2009 A Bonds, Series 2009 B Bonds, 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.

"Prior Notes" means the 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 Notes Ordinance" means the ordinance of the Issuer enacted November 10, 2008, as supplemented authorizing the Prior Notes.

"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 Bond or Bonds, the person in whose name such Bond 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 by Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2012 A Bonds and 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.

"RUS Bonds" means collectively, the Series 1977 Bonds, Series 2009 A Bonds and Series 2009 B Bonds.

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

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

"Series 1990 A Bonds" means the Issuer's Water and Sewer 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 Water and Sewer 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 1991 A Bonds" means the Issuer's Water and Sewer 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 Water and Sewer 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 1998 A Bonds" means the Issuer's Water and Sewer 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 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 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 2009 A Bonds" means the Issuer's Combined Waterworks and Sewerage System Bonds, Series 2009 A (United States Department of Agriculture), dated November 12, 2009, issued in the original principal amount of $2,299,240.

"Series 2009 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Bonds, Series 2009 B (United States Department of Agriculture), dated November 12, 2009, issued in the original principal amount of $112,466.

"Series 2011 A Notes" means the Waterworks and Sewerage System Bond Anticipation Note, Series 2011 A, issued August 19, 2011 in the original aggregate principal amount of $350,000 and held by United Bank, Inc.

"Series 2012 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 2012 A Bonds Trust Fund" means the Series 2012 A Bonds Trust Fund established by Section 5.01 hereof.

"Series 2012 A Bonds Reserve Account" means the Series 2012 A Bonds Reserve Account established in the Series 2012 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2012 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 2012 A Bonds in the then current or any succeeding year.

"Series 2012 A Bonds Sinking Fund" means the Series 2012 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2012 A 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 authorizing the sale of the Series 2012 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2012 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation or the Prior Ordinances to be set aside and held for the payment of or security for the Bonds 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 completed by the Project.

"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 enactment hereof.

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 PAYMENT OF PRIOR NOTES

Section 2.01. Authorization of the Payment of the Prior Notes. There is hereby authorized and ordered the payment in full of the entire principal on the Prior Notes on the Closing Date. Upon payment in full of the Prior Notes, the pledge of funds in favor of the Holders of the Prior Notes imposed by the Prior Notes Ordinance and the monies in the funds and accounts created by the Prior Notes Ordinance pledged to the Prior Notes are hereby ordered terminated, discharged and released. The cost of the payment of the Prior Notes and associated costs of issuance is estimated to be $1,158,000 which will be obtained from the proceeds of the Series 2012 A 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 paying a portion of Costs not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2012 A Bonds of the Issuer. The Series 2012 A Bonds shall be issued as a single bond, designated "Combined Waterworks and Sewerage System Revenue Bond, Series 2012 A (West Virginia Infrastructure Fund)", in the principal amount of not more than $1,158,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2012 A Bonds remaining after paying the Prior Notes, funding of the Series 2012 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2012 A Bonds, if any, shall be deposited in or credited to the Series 2012 A Bonds Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2012 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable 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 2012 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, if any, on the Series 2012 A Bonds 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 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 2012 A Bonds shall initially be issued in the form of a single bond, fully registered to the

Authority, with a debt service schedule attached, representing the aggregate principal amount of the Series 2012 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2012 A 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 be dated and shall have such terms as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2012 A 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 2012 A Bonds shall cease to be such officer of the Issuer before the Series 2012 A 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 Series 2012 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 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 2012 A Bonds 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 2012 A 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 Series 2012 A 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 2012 A 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 the Series 2012 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2012 A 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 Series 2012 A Bonds or transferring the registered Series 2012 A Bonds is exercised, all Series 2012 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2012 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2012 A 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 Series 2012 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2012 A Bonds or, in the case of any proposed redemption of Series 2012 A 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 2012 A 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 2012 A Bonds 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 the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of all Series 2012 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the First Lien Bonds and senior and prior to the Series 1991 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 2012 A Bonds and the Prior Bonds and to make all other payments hereinafter set forth, 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 2012 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2012 A Bonds 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 2012 A 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 Series 2012 A Bonds to the original purchasers;

C. An executed and 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 Series 2012 A Bonds.

Section 3.10. Form of Series 2012 A Bonds. The text of the Series 2012 A 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2012 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 2012 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

$_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of , 2012, 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 ($_____), 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__, to and including ____ _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest of 1% payable quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, to and including _____ 1, 20__, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 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 _____, 2012.

This Bond is issued (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, and any further extensions, additions, betterments or 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"), and a Bond Ordinance duly enacted by the Issuer on _____, 2012, and a Supplemental Resolution duly adopted by the Issuer on _____, 2012 (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.

THE ISSUER HAS THE FOLLOWING OUTSTANDING OBLIGATIONS SECURED BY AND PAYABLE FROM A PLEDGE OF THE NET REVENUES OF THE SYSTEM: (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM 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"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) WATER AND SEWER 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"); (8) WATER AND SEWER 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"); (9) WATER AND SEWER 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 (10) WATERWORKS AND SEWERAGE 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) WATER AND SEWER REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,671 (THE "SERIES 1991 B BONDS"); AND (2) WATER AND SEWER 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 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 senior and prior 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 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 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 subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2012 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 subordinate to, the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered

owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the registrar (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 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.

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 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.

[Remainder of Page Intentionally left Blank]

IN WITNESS WHEREOF, the TOWN 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 as of the date first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 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: _____, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

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: _____, 20__.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2012 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, approved, ratified and confirmed. The Loan Agreement and all schedules and exhibits attached thereto are hereby approved and ratified and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. The Issuer will file with the Council and the Authority a schedule for the Series 2012 A Bonds, the form of which will be provided by the Authority, setting forth the actual sources and uses 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) Series 1977 Bonds Reserve Fund (established by the Prior Ordinances); and

(3) Series 2012 A Bonds 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 1990 A Bonds Sinking Fund (established by the Prior Ordinances);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(17) Series 2009 A Bonds Reserve Account (established by the Prior Ordinances);

(18) Series 2009 B Bonds Reserve Account (established by the Prior Ordinances);

(19) Series 2012 A Bonds Sinking Fund Account; and

(20) Series 2012 A Bonds Reserve Account.

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 Bond 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 Bond 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 first, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and remit (i) to the National Finance Office the amount required by Prior Ordinance to pay interest on the RUS Bonds; (ii) to the Commission the amount required by Prior Ordinance to pay interest on the Series 1990 A Bonds and Series 1991 A Bonds; and (iii) remit to the Commission commencing 4 months prior to the first date of payment of interest of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will accrue and become due on the Series 2012 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2012 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by Prior Ordinance to pay principal on the RUS Bonds; (ii) remit to the Commission the amount required by the Prior Ordinances to pay principal on the Series 1990 A Bonds, Series 1991 A Bonds, Series 1998 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2007 A Bonds and Series 2007 B Bonds; and (ii) remit to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2012 A 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 2012 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, 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, each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by Prior Ordinance to be deposited in the Series 1977 Bonds Reserve Fund; (ii) remit to the Commission for deposit in the respective reserve accounts for the Series 1990 A Bonds, Series 1991 A Bonds, Series 1998 A Bonds, Series 2002 A Bonds, Series 2002 B Bonds, Series 2007 A Bonds, Series 2007 B Bonds, Series 2009 A Bonds and Series 2009 B Bonds, the amounts required by the Prior Ordinances to be deposited therein; and (ii) remit to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2012 A Bonds, if not fully funded upon issuance of the Series 2012 A Bonds, for deposit in the Series 2012 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2012 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2012 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 2012 A Bonds Reserve Requirement.

(5) The Issuer shall next, 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, each month, transfer from the Revenue Fund and remit to the Commission the principal payments on the Second Lien Bonds, as required by the Prior Ordinances.

(7) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Commission for deposit in the reserve account for the Second Lien Bonds, the amount required by the Prior Ordinances to be deposited therein.

Monies in the Series 2012 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2012 A Bonds as the same shall become due. Monies in the Series 2012 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2012 A Bonds as the same shall come due, when other monies in the Series 2012 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2012 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2012 A Bonds Reserve Account which result in a reduction in the balance of the Series 2012 A Bonds Reserve Account to below the Series 2012 A Bonds Reserve Requirement 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 2012 A 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 therefor.

The Issuer shall not be required to make any further payments into the Series 2012 A Bonds Sinking Fund, or the Series 2012 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2012 A 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and Series 2012 A 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 2012 A Bonds Sinking Fund and the Series 2012 A 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2012 A Bonds Sinking Fund and the Series 2012 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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 the required principal, interest and reserve payments with respect to the Series 2012 A 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.

D. 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. The Issuer shall 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.

E. 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 Government Obligations or by other 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; 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.

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

ARTICLE VI

APPLICATION OF BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2012 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2012 A Bonds, there shall first be deposited with the Commission the amount set forth in the Supplemental Resolution to pay the Prior Notes.

B. Next, from the proceeds of the Series 2012 A Bonds, there shall be deposited with the Commission in the Series 2012 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2012 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2012 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2012 A Bonds Trust Fund and applied solely to payment of the Costs in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2012 A Bonds.

D. After completion of the payment of the Prior Notes and all costs have been paid, any remaining proceeds of the Series 2012 A Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements of Bond Proceeds. The Issuer shall provide the Council with a requisition for the costs of issuance, together with such documentation as the Council shall require.

Except as provided in Section 6.01 hereof, disbursements of the proceeds of the Series 2012 A Bonds from the Series 2012 A Bonds Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer, stating that:

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

(2) Each item for which the payment is proposed to be made is or was necessary in connection with the Cost;

(3) Each of such costs has been otherwise properly incurred; and

(4) Payment for each of the items proposed is then due and owing.

Pending such application, monies in the Series 2012 A Bonds Trust Fund 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 2012 A 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 2012 A 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 2012 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2012 A Bonds 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 Bond Legislation. No Holder or Holders of any Series 2012 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2012 A 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 2012 A Bonds shall be secured 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 and prior to the lien on the Net Revenue in favor of the Holders of the Second Lien Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2012 A 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. 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 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 28, 2002, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2012 A 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 2012 A 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 and with the written consent of the Authority and the Council.

So long as the Series 2012 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority 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 2012 A Bonds, immediately be remitted to the Commission for deposit in the Series 2012 A Bonds 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 2012 A Bonds. Any balance remaining after the payment of all the Series 2012 A 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 $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. Except as provided for in Section 7.07 hereof, 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 Series 2012 A Bonds and the First Lien Bonds. All obligations issued by the Issuer after the issuance of the Series 2012 A 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 2012 A 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 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 or from any grants for the System, or any other obligations related to 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 additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2012 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 Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions extensions, improvements or betterments to the System or refunding any outstanding Bonds, or both such purposes.

So long as any RUS 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 Resolution 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 RUS Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the RUS Bonds are no longer outstanding, the following parity requirement shall be met:

So long as the Series 1990 A Bonds, Series 1990 B Bonds, Series 1991 A Bonds, Series 1991 B Bonds, Series 1998 A Bonds, series 2002 A Bonds, Series 2002 B Bonds, Series 2007 A Bonds, Series 2007 B Bonds or Series 2012 A Bonds are outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent 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 additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Bond Legislation then Outstanding; and

(3) The additional 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 Recorder 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 account 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 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the Costs. The Issuer shall permit the Authority 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 and the Council such documents and information as they may reasonably require in connection with the operation and maintenance of the System.

The Issuer shall permit the Authority 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.

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 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 Council and the Authority, or any other original purchaser of the Series 2012 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2012 A 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.

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 2012 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2012 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service 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 has constructed 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 also provide the Authority and the Council, 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 and the Council with respect to the System pursuant to the Act.

Section 7.09. Rates. So long as the Prior Bonds are outstanding, the Issuer will maintain rates as required in the Prior Ordinances. Prior to the issuance of the Series 2012 A Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Recorder of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules 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 on the Series 2012 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 A Bonds including the Prior Bonds; provided that, in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the_Series 2012 A Bonds Reserve Account and any reserve accounts for obligations on a parity with, or subordinate to, the Series 2012 A Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2012 A Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2012 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

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 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 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, the Council 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. Operating Personnel. 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 Board 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 2012 A 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 any construction on a 100% basis (completed value form) on the insurable portion of such construction, 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 any 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 any construction 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. Mandatory 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. Permits and Orders. The Issuer will 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 will obtain all permits required by state and federal laws and all orders and approvals from the West Virginia Public Service Commission, and the West Virginia Infrastructure and Jobs Development Council necessary for the operation of the System and all approvals for the issuance of the Series 2012 A Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. 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 Council with copies of all documents submitted to the Authority. The Issuer 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 operation, maintenance and use of the System.

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2012 A 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 2012 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

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. Budget Revisions; Public Releases.

A. The Issuer shall submit all proposed budget amendments to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2012 A Bonds held in "contingency".

B. The Issuer shall list the funding as being provided by the Council and the Authority in any press release, publication, program bulletin, sign or other public communication with respect to the Series 2012 A Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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 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 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate 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 2012 A Bonds as a condition to issuance of the Series 2012 A 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 2012 A Bonds as may be necessary in order to maintain the status of the Series 2012 A 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 proceeds of the Series 2012 A Bonds 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 or the Council, as the case may be, from which the proceeds of the Series 2012 A Bonds are delivered, 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 or the Council, 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 Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2012 A 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 2012 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2012 A Bonds; 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 2012 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2012 A 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, 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 2012 A Bonds 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 2012 A 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 2012 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2012 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2012 A Bonds shall be on a parity with the Holders of the First Lien Bonds and senior and prior to the Second Lien 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, 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 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 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 2012 A Bonds, the principal of and interest due or to become due thereon, if any, 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 2012 A 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 2012 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2012 A Bonds, 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 2012 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2012 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2012 A Bonds 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 2012 A 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, if any, on the Series 2012 A Bonds 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 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 2012 A 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. 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 2012 A 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.

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Section 11.08. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

Passed on First Reading:	October 24, 2011
Passed on Second Reading:	November 14, 2011
Passed on Final Reading Following Public Hearing:	December 12, 2011

Mayor

5820706

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF SUMMERSVILLE on the 12th day of December, 2011.

Dated: April 2, 2012.

[SEAL]

Recorder

878730.00009

5820706

Series 2009 A BAN Payoff

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

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 REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF SUMMERSVILLE; RATIFYING AND APPROVING A LOAN AGREEMENT 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 council (the "Governing Body") of the Town of Summersville (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective December 12, 2011 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING PAYING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A 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 $1,158,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND); 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 A LOAN AGREEMENT 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 meaning set forth in the Bond Ordinance when used herein;

WHEREAS, the Bond Ordinance provides for the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), of the Issuer, in the aggregate principal amount not to exceed $1,158,000 (the "Bonds" or the "Series 2012 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds, including all schedules and exhibits attached thereto (the "Loan Agreement"), 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"), all in accordance with Chapter 8, Article 20 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 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 Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, 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 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF 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 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,128,609. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2052, and shall bear interest at the rate of one percent (1%) per annum. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including March 1, 2052, and the interest shall be payable quarterly on March 1, June 1, September 1 and December 1 in each year, beginning September 1, 2012 to and including March 1, 2052 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 Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of a redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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, 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 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 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 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 (the "Commission"), to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate Branch Banking & Trust Company, Summersville, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2012 A Bonds proceeds in the amount of $1,112,059 shall be deposited with the Commission, to pay the outstanding principal of and interest on the Issuer's Combined Waterworks and Sewerage System Design Bond Anticipation Note, Series 2009 A, dated March 3, 2009, in the original aggregate principal amount of $1,110,000 (the "Prior Notes").

Section 8. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2012 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2012 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 2012 A Bonds Trust Fund as received from the Council from time to time for payment of costs of issuance of the Bonds and related costs.

Section 11. 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 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about April 2, 2012, to the Authority pursuant to the Loan Agreement.

Section 12. The payment of the Prior Notes and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines 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 in writing by the Issuer. Monies in the Series 2012 A Bonds Sinking Fund, including the Series 2012 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 26th day of March, 2012.

Mayor

5820318

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Summersville on the 26th day of March, 2012.

Dated: April 2, 2012.

[SEAL]

Recorder

878730.00009

5820318

IC-1
(08/11)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

TOWN OF SUMMERSVILLE
(98W-412)

(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an

Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property or any interest therein is approved by the Authority and Council.

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

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

2.6 The Governmental Agency agrees that it will permit the Authority and the Council and their agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent

(100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

2.12 The Governmental Agency, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and Council.

2.13 The Governmental Agency shall serve the additional customers at the location(s) as set forth in Schedule X. The Governmental Agency shall not reduce the amount of additional customers served by the project without the prior written approval of the WDA Board. Following completion of the Project the Governmental Agency shall certify to the Authority the number of customers added to the System.

2.14 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

(e) The Governmental Agency shall have obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "PSC") and the Council necessary for the construction of the Project and operation of the System, with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, including compliance with Chapter 21, Article 1D of the Code of West Virginia, 1931, as amended, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority and the Council shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

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

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

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(a) That the gross revenues of the System shall always be used for purposes of the System. Such gross revenues shall be used monthly, in the order of priority listed below:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

Provided, that if the Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and 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 pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Governmental Agency shall annually adopt 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 and the Council within 30 days of adoption thereof;

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

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

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

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for the Local Bonds;

(xvii) That the Governmental Agency 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 interest, principal and reserve account payment. The Governmental Agency shall complete the Monthly Payment Form, attached hereto as Exhibit D and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar

month. When required by the Authority, the Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as 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;

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

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

(xxiii) That the Governmental Agency shall submit all proposed change orders to the Council for written approval. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule B attached to the certificate of the Consulting Engineer. The Governmental Agency shall obtain the written approval of the Council before making any changes to the final Schedule B and also before expending any proceeds of the Local Bonds available due to bid/construction/project underruns;

(xxiv) That the Governmental Agency shall list the funding 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; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Loan Agreement, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Loan Agreement.

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

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

(i) the end of ninety (90) days after the date of execution hereof by the Authority or such later date as is agreed to in writing by the Council if the Governmental Agency has failed to deliver the Local Bonds to the Authority;

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

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

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

TOWN OF SUMMERSVILLE

(SEAL)

By: _____
Its: Mayor
Date: April 2, 2012

Attest:

_____
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: April 2, 2012

Attest:

_____
Its: Authorized Officer

{C2288014.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____, Consulting Engineers,_____, _____ hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meanings set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Loan Agreement 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"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) all contractors to be awarded contracts for the construction of the Project have submitted affidavits indicating such contractor has a drug free workplace plan pursuant to Chapter 21, Article 1D of the West Virginia Code of 1931, as amended; (vi) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

WITNESS my signature and seal on this ____ day of _____, ____.

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25311

Ladies and Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated _____, _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal and interest to the Authority, with interest and principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, 1, _____, and ending _____, 1, _____, as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Governmental Agency and is a valid and binding special obligation of the Governmental Agency, enforceable in accordance with the terms thereof.

2. The Loan Agreement inures to the benefit of the Authority and the Council and cannot be amended so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Governmental Agency without the consent of the Authority and the Council.

3. The Governmental Agency is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Governmental Agency and constitute valid and binding obligations of the Governmental Agency, enforceable against the Governmental Agency in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Governmental Agency to the Authority and are valid, legally enforceable and binding special obligations of the Governmental Agency, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

6. The Local Bonds are, by statute, exempt _____, and under existing statutes and court decisions of the United States of America, as presently written and applied, the interest on the Local Bonds is excludable from the gross income of the recipients thereof for federal income tax purposes.

No opinion is given herein as to the effect upon enforceability of the Local Bonds of bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights or in the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Governmental Agency to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Governmental Agency according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Governmental Agency.

The Governmental Agency must complete the Monthly Financial Report and forward it to the Water Development Authority by the 10th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:	
Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$1,128,609
Purchase Price of Local Bonds	$1,128,609

The Local Bonds shall bear interest at a rate of 1% per annum. Commencing September 1, 2012, principal and interest on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall authorize the Commission to electronically debit its monthly payments. The Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

The Local Bonds are fully registered in the name of the Authority as to interests and principal and the Local Bonds shall grant the Authority a first lien on the gross or net revenues of the Governmental Agency's system as provided in the Local Act.

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

(1) Town of Summersville Combined Waterworks and Sewerage System 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");

(2) Town of Summersville Combined Waterworks and Sewerage System 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");

(3) Town of Summersville 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");

(4) Town of Summersville 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");

(5) Town of Summersville 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");

(6) Town of Summersville 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");

(7) Town of Summersville Water and Sewer 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");

(8) Town of Summersville Water and Sewer 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");

(9) Town of Summersville Water and Sewer 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

(10) Town of Summersville Waterworks and Sewerage 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) Town of Summersville Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and

(2) Town of Summersville Water and Sewer 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 Local Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

Number of New Customers to Be Served: 0
Location: N/A

SCHEDULE Y
DEBT SERVICE SCHEDULE

BOND DEBT SERVICE
Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Dated Date 4/2/2012
Delivery Date 4/2/2012

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2012	5,789	1.000%	2,821.52	8,610.52
12/1/2012	5,804	1.000%	2,807.05	8,611.05
3/1/2013	5,818	1.000%	2,792.54	8,610.54
6/1/2013	5,833	1.000%	2,778.00	8,611.00
9/1/2013	5,847	1.000%	2,763.41	8,610.41
12/1/2013	5,862	1.000%	2,748.80	8,610.80
3/1/2014	5,877	1.000%	2,734.14	8,611.14
6/1/2014	5,891	1.000%	2,719.45	8,610.45
9/1/2014	5,906	1.000%	2,704.72	8,610.72
12/1/2014	5,921	1.000%	2,689.96	8,610.96
3/1/2015	5,936	1.000%	2,675.15	8,611.15
6/1/2015	5,951	1.000%	2,660.31	8,611.31
9/1/2015	5,965	1.000%	2,645.44	8,610.44
12/1/2015	5,980	1.000%	2,630.52	8,610.52
3/1/2016	5,995	1.000%	2,615.57	8,610.57
6/1/2016	6,010	1.000%	2,600.59	8,610.59
9/1/2016	6,025	1.000%	2,585.56	8,610.56
12/1/2016	6,040	1.000%	2,570.50	8,610.50
3/1/2017	6,055	1.000%	2,555.40	8,610.40
6/1/2017	6,071	1.000%	2,540.26	8,611.26
9/1/2017	6,086	1.000%	2,525.08	8,611.08
12/1/2017	6,101	1.000%	2,509.87	8,610.87
3/1/2018	6,116	1.000%	2,494.62	8,610.62
6/1/2018	6,132	1.000%	2,479.33	8,611.33
9/1/2018	6,147	1.000%	2,464.00	8,611.00
12/1/2018	6,162	1.000%	2,448.63	8,610.63
3/1/2019	6,178	1.000%	2,433.22	8,611.22
6/1/2019	6,193	1.000%	2,417.78	8,610.78
9/1/2019	6,209	1.000%	2,402.30	8,611.30
12/1/2019	6,224	1.000%	2,386.77	8,610.77
3/1/2020	6,240	1.000%	2,371.21	8,611.21
6/1/2020	6,255	1.000%	2,355.61	8,610.61
9/1/2020	6,271	1.000%	2,339.98	8,610.98
12/1/2020	6,287	1.000%	2,324.30	8,611.30
3/1/2021	6,302	1.000%	2,308.58	8,610.58
6/1/2021	6,318	1.000%	2,292.83	8,610.83
9/1/2021	6,334	1.000%	2,277.03	8,611.03
12/1/2021	6,350	1.000%	2,261.20	8,611.20
3/1/2022	6,366	1.000%	2,245.32	8,611.32
6/1/2022	6,381	1.000%	2,229.41	8,610.41
9/1/2022	6,397	1.000%	2,213.45	8,610.45
12/1/2022	6,413	1.000%	2,197.46	8,610.46
3/1/2023	6,429	1.000%	2,181.43	8,610.43
6/1/2023	6,446	1.000%	2,165.36	8,611.36

BOND DEBT SERVICE

Town of Summersville

IF

1% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2023	6,462	1.000%	2,149.24	8,611.24
12/1/2023	6,478	1.000%	2,133.09	8,611.09
3/1/2024	6,494	1.000%	2,116.89	8,610.89
6/1/2024	6,510	1.000%	2,100.66	8,610.66
9/1/2024	6,527	1.000%	2,084.38	8,611.38
12/1/2024	6,543	1.000%	2,068.06	8,611.06
3/1/2025	6,559	1.000%	2,051.71	8,610.71
6/1/2025	6,576	1.000%	2,035.31	8,611.31
9/1/2025	6,592	1.000%	2,018.87	8,610.87
12/1/2025	6,608	1.000%	2,002.39	8,610.39
3/1/2026	6,625	1.000%	1,985.87	8,610.87
6/1/2026	6,642	1.000%	1,969.31	8,611.31
9/1/2026	6,658	1.000%	1,952.70	8,610.70
12/1/2026	6,675	1.000%	1,936.06	8,611.06
3/1/2027	6,692	1.000%	1,919.37	8,611.37
6/1/2027	6,708	1.000%	1,902.64	8,610.64
9/1/2027	6,725	1.000%	1,885.87	8,610.87
12/1/2027	6,742	1.000%	1,869.06	8,611.06
3/1/2028	6,759	1.000%	1,852.20	8,611.20
6/1/2028	6,776	1.000%	1,835.30	8,611.30
9/1/2028	6,793	1.000%	1,818.36	8,611.36
12/1/2028	6,810	1.000%	1,801.38	8,611.38
3/1/2029	6,827	1.000%	1,784.36	8,611.36
6/1/2029	6,844	1.000%	1,767.29	8,611.29
9/1/2029	6,861	1.000%	1,750.18	8,611.18
12/1/2029	6,878	1.000%	1,733.03	8,611.03
3/1/2030	6,895	1.000%	1,715.83	8,610.83
6/1/2030	6,912	1.000%	1,698.59	8,610.59
9/1/2030	6,930	1.000%	1,681.31	8,611.31
12/1/2030	6,947	1.000%	1,663.99	8,610.99
3/1/2031	6,964	1.000%	1,646.62	8,610.62
6/1/2031	6,982	1.000%	1,629.21	8,611.21
9/1/2031	6,999	1.000%	1,611.76	8,610.76
12/1/2031	7,017	1.000%	1,594.26	8,611.26
3/1/2032	7,034	1.000%	1,576.72	8,610.72
6/1/2032	7,052	1.000%	1,559.13	8,611.13
9/1/2032	7,069	1.000%	1,541.50	8,610.50
12/1/2032	7,087	1.000%	1,523.83	8,610.83
3/1/2033	7,105	1.000%	1,506.11	8,611.11
6/1/2033	7,123	1.000%	1,488.35	8,611.35
9/1/2033	7,140	1.000%	1,470.54	8,610.54
12/1/2033	7,158	1.000%	1,452.69	8,610.69
3/1/2034	7,176	1.000%	1,434.80	8,610.80
6/1/2034	7,194	1.000%	1,416.86	8,610.86
9/1/2034	7,212	1.000%	1,398.87	8,610.87
12/1/2034	7,230	1.000%	1,380.84	8,610.84
3/1/2035	7,248	1.000%	1,362.77	8,610.77
6/1/2035	7,266	1.000%	1,344.65	8,610.65

BOND DEBT SERVICE
Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2035	7,284	1.000%	1,326.48	8,610.48
12/1/2035	7,303	1.000%	1,308.27	8,611.27
3/1/2036	7,321	1.000%	1,290.01	8,611.01
6/1/2036	7,339	1.000%	1,271.71	8,610.71
9/1/2036	7,358	1.000%	1,253.36	8,611.36
12/1/2036	7,376	1.000%	1,234.97	8,610.97
3/1/2037	7,394	1.000%	1,216.53	8,610.53
6/1/2037	7,413	1.000%	1,198.04	8,611.04
9/1/2037	7,431	1.000%	1,179.51	8,610.51
12/1/2037	7,450	1.000%	1,160.93	8,610.93
3/1/2038	7,469	1.000%	1,142.31	8,611.31
6/1/2038	7,487	1.000%	1,123.64	8,610.64
9/1/2038	7,506	1.000%	1,104.92	8,610.92
12/1/2038	7,525	1.000%	1,086.15	8,611.15
3/1/2039	7,544	1.000%	1,067.34	8,611.34
6/1/2039	7,562	1.000%	1,048.48	8,610.48
9/1/2039	7,581	1.000%	1,029.58	8,610.58
12/1/2039	7,600	1.000%	1,010.62	8,610.62
3/1/2040	7,619	1.000%	991.62	8,610.62
6/1/2040	7,638	1.000%	972.58	8,610.58
9/1/2040	7,657	1.000%	953.48	8,610.48
12/1/2040	7,677	1.000%	934.34	8,611.34
3/1/2041	7,696	1.000%	915.15	8,611.15
6/1/2041	7,715	1.000%	895.91	8,610.91
9/1/2041	7,734	1.000%	876.62	8,610.62
12/1/2041	7,754	1.000%	857.28	8,611.28
3/1/2042	7,773	1.000%	837.90	8,610.90
6/1/2042	7,792	1.000%	818.47	8,610.47
9/1/2042	7,812	1.000%	798.99	8,610.99
12/1/2042	7,831	1.000%	779.46	8,610.46
3/1/2043	7,851	1.000%	759.88	8,610.88
6/1/2043	7,871	1.000%	740.25	8,611.25
9/1/2043	7,890	1.000%	720.57	8,610.57
12/1/2043	7,910	1.000%	700.85	8,610.85
3/1/2044	7,930	1.000%	681.07	8,611.07
6/1/2044	7,950	1.000%	661.25	8,611.25
9/1/2044	7,970	1.000%	641.37	8,611.37
12/1/2044	7,989	1.000%	621.45	8,610.45
3/1/2045	8,009	1.000%	601.48	8,610.48
6/1/2045	8,029	1.000%	581.45	8,610.45
9/1/2045	8,050	1.000%	561.38	8,611.38
12/1/2045	8,070	1.000%	541.26	8,611.26
3/1/2046	8,090	1.000%	521.08	8,611.08
6/1/2046	8,110	1.000%	500.86	8,610.86
9/1/2046	8,130	1.000%	480.58	8,610.58
12/1/2046	8,151	1.000%	460.26	8,611.26
3/1/2047	8,171	1.000%	439.88	8,610.88
6/1/2047	8,191	1.000%	419.45	8,610.45

BOND DEBT SERVICE

Town of Summersville

IF

1% Interest Rate

40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2047	8,212	1.000%	398.97	8,610.97
12/1/2047	8,232	1.000%	378.44	8,610.44
3/1/2048	8,253	1.000%	357.86	8,610.86
6/1/2048	8,274	1.000%	337.23	8,611.23
9/1/2048	8,294	1.000%	316.55	8,610.55
12/1/2048	8,315	1.000%	295.81	8,610.81
3/1/2049	8,336	1.000%	275.02	8,611.02
6/1/2049	8,357	1.000%	254.18	8,611.18
9/1/2049	8,378	1.000%	233.29	8,611.29
12/1/2049	8,399	1.000%	212.35	8,611.35
3/1/2050	8,420	1.000%	191.35	8,611.35
6/1/2050	8,441	1.000%	170.30	8,611.30
9/1/2050	8,462	1.000%	149.20	8,611.20
12/1/2050	8,483	1.000%	128.04	8,611.04
3/1/2051	8,504	1.000%	106.83	8,610.83
6/1/2051	8,525	1.000%	85.57	8,610.57
9/1/2051	8,547	1.000%	64.26	8,611.26
12/1/2051	8,568	1.000%	42.89	8,610.89
3/1/2052	8,589	1.000%	21.47	8,610.47
	1,128,609		**240,525.10**	**1,369,134.10**

SCHEDULE Z

(None)

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 13th day of October 2011.

CASE NO. 02-0850-PWD-CN

CITY OF SUMMERSVILLE REGIONAL
WATER SYSTEM, Summersville, Nicholas County.
Application for certificate of convenience and necessity to construct certain additions & improvements to the City's Water System in Nicholas.

COMMISSION ORDER

The Commission reopens this case and approves the request of the City of Summersville (Summersville) to modify project financing by accepting a loan in the amount of $1,158,000 from the West Virginia Infrastructure and Jobs Development Council (WVIJDC).

BACKGROUND

The Commission issued an order on September 27, 2002, granting Summersville a certificate of convenience and necessity for the construction of the following major components of the Summerville water system: (i) a new 2.0 MGD capacity water treatment facility; (ii) a new water intake system to supply raw water from Summersville Lake and/or the Gauley River; (iii) a new raw water pumping station; (iv) approximately 16,600 feet of various sizes of raw and finished water lines and appurtenances; and (v) a new potable water storage tank with telemetry system and appurtenances. The total project estimate was $8,361,505 and the Commission approved financing for the project.

On December 16, 2002, the Commission issued an order reopening this case and approving changes in the project financing because of higher than expected construction bids increasing the estimated project cost from $8,361,505 to $11,000,000.

The Commission reopened the case again by Order entered February 27, 2009, for the purpose of approving changes in the financing of the project attributable to additional construction costs. The Commission approved (i) an increase in the total project cost from $11,000,000 to an amount not to exceed $12,110,000; and (ii) a Water Development Authority bond anticipation note in the amount of $1,110,000 at three percent interest for a term of three years (WDA BAN). The closing on the WDA BAN occurred on March 3, 2009.

On September 7, 2011, Summersville filed a Petition to Reopen requesting that the Commission issue an order approving a WVIJDC loan in the amount of $1,158,000 at an interest rate of one percent interest for a term of forty years. The WVIJDC loan would be used to retire the WDA BAN incurred in 2009 and maturing on April 1, 2012. On September 9, 2011, Summersville filed a copy of the binding commitment letter from WVIJDC for the proposed loan.

On September 19, 2011, Commission Staff filed an Initial and Final Joint Staff Memorandum stating the annual interest payments on the WDA BAN are currently $35,890 while interest and principal payments on the proposed WVIJDC loan will be $35,137. The interest rate on the WDA BAN will increase five percent for the remaining seventeen years and will require annual interest and principal payments of $96,183 if Summersville cannot obtain other funding to pay the WDA BAN. Because the WVIJDC loan improves the financial condition of Summersville, Staff recommends that the Commission reopen this case and approve the $1,158,000 loan from WVIJDC.

DISCUSSION

In each of the Orders granting Commission approval for funding, Summersville was required to obtain prior consent and approval for further changes. Thus, Summersville has filed the current Petition. It is reasonable for Summersville to obtain a WVIJDC loan, as discussed in the petition and Staff recommendation, to retire the WDA BAN. The terms of the proposed WVIJDC loan are more favorable for Summersville than the payments required by the current WDA BAN.

FINDINGS OF FACT

1. Summersville petitioned the Commission for further revised financing to retire a WDA BAN maturing on April 1, 2012.

2. Staff recommended that the Commission grant the petition to reopen.

CONCLUSION OF LAW

It is reasonable for Summersville to enter into the WVIJDC loan to retire the WDA BAN. Paying the WDA BAN with the proposed WVIJDC loan will improve the financial condition of Summersville.

ORDER

IT IS THEREFORE ORDERED that the Petition to Reopen is granted. The Commission grants its consent and approval for Summersville to enter into a loan from WVIJDC in the amount of $1,158,000 at a one percent interest rate for a term of forty years to retire the WDA BAN.

IT IS FURTHER ORDERED that should any changes occur with respect to the cost, scope, terms and conditions, or financing of the Project, Summersville shall notify the Commission immediately and obtain Commission consent and approval for any revision or change prior to commencing or continuing construction.

IT IS FURTHER ORDERED that on entry of this Order this case shall be removed from the Commission docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of September, 2002.

CASE NO. 02-0850-PWD-CN

CITY OF SUMMERSVILLE
Application for a certificate of convenience and necessity to construct certain additions and improvements to the City of Summersville's water system in Nicholas County.

COMMISSION ORDER

This matter is before the Commission on the City of Summersville's (the City) application for a certificate of convenience and necessity to construct and operate certain additions and improvements at the City's water system in Nicholas County. For reasons explained below, the Commission shall grant the City a certificate of convenience and necessity.

Background

On May 17, 2002, the City pre-filed an application for a certificate of convenience and necessity to construct and operate the following major components at the City's water system in Nicholas County. The project will include the construction of:

(1) A new 2.0 MGD capacity water treatment facility;
(2) A new water intake system to supply raw water from the Summersville Lake and/or the Gauley River;
(3) A new raw water pumping station;
(4) Approximately 16,600 feet of various sizes of raw and finished water lines and appurtenances and;
(5) A new potable water storage tank with telemetry system and appurtenances.

The proposed facilities will serve 2,061 existing customers and 27 new customers. The proposed water treatment facilities will provide enhanced reliability and will improve

the City's ability to meet both the near and long term water supply needs of its customers and the surrounding communities.

The total cost of the project is estimated to be $8,361,505.00 and is to be funded as follows:

WVIJDC Loan	$2,361,505	(3% interest rate, for a period of 40 years)
DWTRF Loan	$2,050,000	(3% interest rate plus 1% administrative fee, for a period of 30 years)
US EDA Grant	$1,500,000	
ARC Grant	$1,500,000	
City Contribution	$ 950,000	
(TOTAL)	$8,361,505	

The City passed a municipal rate ordinance on January 8, 2002 (Final Commission Order entered March 7, 2002; rates effective July 1, 2002). The current rates now in effect represent an increase of 20% over prior rates. The project related rates, representing an additional increase of 16%, are scheduled to go into effect on January 1, 2004. The ordinance rates are now final and no longer subject to review pursuant to West Virginia Code § 24-2-4a.

The case was converted to a certificate case on June 18, 2002.

On July 12, 2002, Staff filed an "Initial Joint Staff Memorandum" in which it stated that it needed certain additional information from the City.

On August 16, 2002, Staff filed its "Second Initial Joint Staff Memorandum" in which it noted:

> Total project costs are estimated to be $8,361,505. $3,950.000 will be received in grants and contributions, while $4,411,505 will be borrowed from two funding sources. Rates and charges will be increased in two phases, effective in January 2003 and January 2004. Rates are expected to increase approximately 20%.

On September 9, 2002, Staff filed a "Final Joint Staff Memorandum." Staff noted that its "Initial Joint Staff Memorandum" identified nine informational deficiencies in the application. Staff stated that all but two items had been submitted but the Applicant still needed to provide:

1. The "Permit to Construct," which is required by the WV Bureau for Public Health (BPH) has yet to be issued. This Permit Application is currently under review by the BPH and should be issued within 60 days, pending BPH receipt of revised, approvable plans for the treatment facility.

2. A discharge permit for the proposed treatment facility, which would be issued by the WV Division of Environmental Protection, should be obtained for this facility, even though the proposed facility is designed as a "zero discharge" system. This will ensure that the treatment facility is protected under the terms of the General Permit in the event of an unintentional or accidental discharge of waste water.

Staff recommended (1) the Commission grant a certificate of public convenience and necessity, contingent upon receiving the two aforementioned permits; (2) the construction not be permitted to begin until such permits had been issued; (3) the City be required to submit to the Commission a copy of all final approved plans and contract documents for the project as soon as the project is approved by the Bureau of Public Health; (4) the proposed project financing should be approved; and (5) that if there were any changes in the scope, cost, or financing arrangements, the City should be ordered to present those changes to the Commission for approval by petitioning to reopen this proceeding.

On September 10, 2002, the City provided copies of a letter from the Division of Highways granting an extension of Permit No. 09-01-0004 to December 31, 2003; a copy of a letter of commitment for interim financing from BB&T Bank; and copies of the Bureau of Public Health permit for Contract Nos. 1 & 2A/2B/2C.

On August 16, 2002, the Commission received a letter from the City stating that the City would be applying for its NPDS permit for the above project and that the City requested the Commission issue a contingent certificate so that the City may open its bids by October 16, 2002.

On September 17, 2002, the Commission received a copy of a State of West Virginia Office of Environmental Health Services permit. However, such permit does not cover the proposed septic tank, soil absorption system for the water treatment plant.

DISCUSSION

At the outset, the Commission notes that West Virginia Code § 24-2-11 provides, in pertinent part, as follows:

Public Service Commission

(a) No public utility . . . shall begin the construction of any plant . . . for furnishing to the public any [utility] service . . . unless and until it shall obtain from the public service commission a certificate of convenience and necessity requiring such construction . . . . Upon the filing of any application for such certificate, and after hearing, the commission may, in its discretion, issue or refuse to issue, or issue in part and refuse in part, such certificate of convenience and necessity: Provided, That the commission, after it gives proper notice and if no protest is received within thirty days after the notice is given, may waive formal hearing on the application.

Furthermore, in considering a certificate application, the Commission must assess whether the general public convenience will be served and assess the public necessity for the project. Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992).

The Commission concurs in Staff's determination of convenience and need for this project as reflected in the Final Joint Staff Memorandum, filed September 9, 2002:

The applicant has submitted several studies and reports (dating back more than ten years) which document the need for a reliable, long term solution to the water supply problems of Summersville and the surrounding areas. These studies were commissioned by the City primarily to address a long history of recurring raw water supply problems. These raw water supply problems have included the loss and/or sharp curtailment in the available flow of raw water supply due to spills of fuel, oil and/or other contaminants on a nearby highway.

During the preparation of these various engineering studies, the City's consulting engineers investigated a variety of options for meeting the present and future water supply needs of the Summersville area. Options evaluated included the connection of the City's system with nearby systems (i.e. the Craigsville, Wilderness PSD and Nettie-Levisay systems) as well as the interconnection of the Summersville system with the recently constructed Fayette County regional treatment facility, which is located near Ansted.

Evaluation of these options indicated that the construction of a new treatment facility located near the City of Summersville, and drawing water from the Gauley River/Summersville Reservoir system, would be the most cost-effective option for meeting the long term water supply needs of the central Nicholas County area. Such a facility would serve as the core component of a regional water supply system which would supply not only the City of Summersville but, which would serve outlying communities by means

of interconnections with adjacent distribution system. Systems which would potentially benefit from such a strong source of supply include: the Wilderness PSD; the Craigsville PSD and, potentially, the Nettie-Levisay PSD, Fenwick Mountain PSD and the City of Richwood. Further, adjacent water utilities (i.e. Wilderness PSD and Gauley River PSD) have expressed their support for the proposed regional water treatment facility and have further expressed an interest in purchasing some or all of their water supplies from this facility. Technical Staff knows of no outstanding jurisdictional issues or service territory conflicts which would impact the proposed project.

Based upon such studies, it was concluded that the City of Summersville would be the appropriate entity to construct and operate a new regional water supply for the central Nicholas County area. Further, such studies clearly identified the Gauley River/Summersville Lake reservoir system as the most viable long term source for raw water in the area. Toward such goal, the applicant has successfully negotiated with the US Army, Corps of Engineers for the right to withdraw water from the Gauley River/Summersville Lake system, thereby assuring the City of a reliable, drought-resistant source of good quality raw water.

The current project represents the culmination of many years of effort and will provide the citizens of Summersville and the surrounding areas with a much needed, reliable, high-quality source of potable water well into the next century. Technical Staff concurs with the demonstrated need for this project and opines that the proposed project represents the best alternative for meeting the needs of the area.

The Commission shall grant this certificate contingent upon receipt of the remaining documentation specified by Commission Staff's recommendation of September 9, 2002 (as described in the procedural section of this order).

FINDINGS OF FACT

1. On May 17, 2002, the City pre-filed an application for a certificate of convenience and necessity to construct and operate the following major components at the City's water system in Nicholas County.

2. The proposed facilities will serve either 2,000 existing customers and 28 new customers or, 2,028 existing customers and 24 new customers. The proposed water treatment facilities will provide enhanced reliability and will improve the City's ability to

meet both the near and long term water supply needs of its customers and the surrounding communities.

3. The total cost of the project is estimated to be $8,361,505.00 and is to be funded as follows:

WVIJDC Loan	$2,361,505	(3% interest rate, for a period of 40 years)
DWTRF Loan	$2,050,000	(3% interest rate plus 1% administrative fee, for a period of 30 years)
US EDA Grant	$1,500,000	
ARC Grant	$1,500,000	
City Contribution	$ 950,000	
(TOTAL)	$8,361,505	

4. The City passed a municipal rate ordinance on January 8, 2002 (Final Commission Order entered March 7, 2002; rates effective July 1, 2002). The current rates now in effect represent an increase of 20% over prior rates. The project related rates, representing an additional increase of 16%, are scheduled to go into effect on January 1, 2004. The ordinance rates are now final and no longer subject to review pursuant to West Virginia Code § 24-2-4a.

5. The pre-filing was converted to a certificate case on June 18, 2002.

6. On September 9, 2002, Staff filed a "Final Joint Staff Memorandum." Staff noted that its "Initial Joint Staff Memorandum" identified nine informational deficiencies in the application. Staff stated that all but two items had been submitted but the Applicant still needed to provide:

1. The "Permit to Construct," which is required by the WV Bureau for Public Health (BPH) has yet to be issued. This Permit Application is currently under review by the BPH and should be issued within 60 days, pending BPH receipt of revised, approvable plans for the treatment facility.

2. A discharge permit for the proposed treatment facility, which would be issued by the WV Division of Environmental Protection, should be obtained for this facility, even though the proposed facility is designed as a "zero discharge" system. This will ensure that the treatment facility is protected under the terms of the General Permit in the event of an unintentional or accidental discharge of waste water.

Staff recommended (1) the Commission grant a certificate of public convenience and necessity, contingent upon receiving the two aforementioned permits; (2) the construction not be permitted to begin until such permits had been issued; (3) the City be required to submit to the Commission a copy of all final approved plans and contract documents for the project as soon as the project is approved by the Bureau of Public Health; (4) the proposed project financing should be approved; and (5) that if there were any changes in the scope, cost, or financing arrangements, the City should be ordered to present those changes to the Commission for approval by petitioning to reopen this proceeding.

7. On September 10, 2002, the City provided copies of a letter from the Division of Highways granting an extension of Permit No. 09-01-0004 to December 31, 2003; a copy of a letter of commitment for interim financing from BB&T Bank; and copies of the Bureau of Public Health permit for Contract Nos. 1 & 2A/2B/2C.

8. On September 17, 2002, the Commission received a copy of a State of West Virginia Office of Environmental Health Services permit.

CONCLUSIONS OF LAW

1. The City's project, more specifically described above, is needed and will serve the general public convenience. Therefore, pursuant to West Virginia Code § 24-2-11 and Sexton v. Public Service Commission, 188 W.Va. 305, 423 S.E.2d 914 (1992), a certificate of convenience and necessity will be granted contingent upon submission of the documentation described in the Staff memorandum of September 9, 2002, as described in Finding of Fact No. 6.

2. The Commission concludes that it is reasonable to approve the financing for the project more specifically described above.

3. The Commission will direct the City to request a reopening of this case should there be any changes in the plans, scope and terms of the financing of the project.

ORDER

IT IS, THEREFORE, ORDERED that the City of Summersville's application for a certificate of convenience and necessity to construct and operate certain additions and improvements at the City's water system in Nicholas County, as further described herein, is granted contingent upon submission of the documentation described in the Staff memorandum of September 9, 2002, (as described in Finding of Fact No. 6).

IT IS FURTHER ORDERED that financing of the project is approved as follows:

WVIJDC Loan	$2,361,505	(3% interest rate, for a period of 40 years)
DWTRF Loan	$2,050,000	(3% interest rate plus 1% administrative fee, for a period of 30 years)
US EDA Grant	$1,500,000	
ARC Grant	$1,500,000	
City Contribution	$ 950,000	
(TOTAL)	$8,361,505	

Revised in 12/16/02 Order.

IT IS FURTHER ORDERED that the City of Summersville request a reopening of this case should there be any changes in the plans, scope, and terms of financing of the project.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

ARC
JJW/lfg
020850c.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 16th day of December, 2002.

CASE NO. 02-0850-PWD-CN

CITY OF SUMMERSVILLE REGIONAL WATER SYSTEM
Application for a certificate of convenience and necessity to construct certain additions and improvements to the City of Summersville's water system in Nicholas County.

COMMISSION ORDER

The City of Summersville Regional Water System (Summersville) is before the Commission on a petition to reopen since construction bids for its previously certificated project exceeded proposed estimates. Summersville has revised its funding for the project. The Commission shall approve Summersville's request.

Background

On May 17, 2002, the City pre-filed an application for a certificate of convenience and necessity to construct and operate the following major components at the City's water system in Nicholas County. The project will include the construction of:

(1) A new 2.0 MGD capacity water treatment facility;
(2) A new water intake system to supply raw water from the Summersville Lake and/or the Gauley River;
(3) A new raw water pumping station;
(4) Approximately 16,600 feet of various sizes of raw and finished water lines and appurtenances and;
(5) A new potable water storage tank with telemetry system and appurtenances.

The proposed facilities will serve 2,061 existing customers and 27 new customers. The proposed water treatment facilities will provide enhanced reliability and will improve

the City's ability to meet both the near and long term water supply needs of its customers and the surrounding communities.

The total cost of the project, at the time of the filing, was estimated to be $8,361,505.00 and was to be funded as follows:

WVIJDC Loan	$2,361,505	(3% interest rate, for a period of 40 years)
DWTRF Loan	$2,050,000	(3% interest rate plus 1% administrative fee, for a period of 30 years)
US EDA Grant	$1,500,000	
ARC Grant	$1,500,000	
City Contribution	$ 950,000	
(TOTAL)	$8,361,505	

The City passed a municipal rate ordinance on January 8, 2002 (Final Commission Order entered March 7, 2002; rates effective July 1, 2002). The current rates instituted by the ordinance represent an increase of 20% over prior rates. The project related rates, representing an additional increase of 16%, are scheduled to go into effect on January 1, 2004. The ordinance rates are now final and no longer subject to review pursuant to West Virginia Code § 24-2-4a.

On September 9, 2002, Staff filed a "Final Joint Staff Memorandum." Staff noted that its "Initial Joint Staff Memorandum" identified nine informational deficiencies in the application. Staff stated that all but two items had been submitted.

Staff recommended (1) the Commission grant a certificate of public convenience and necessity, contingent upon receiving the two aforementioned permits; (2) the construction not be permitted to begin until such permits had been issued; (3) the City be required to submit to the Commission a copy of all final approved plans and contract documents for the project as soon as the project is approved by the Bureau of Public Health; (4) the proposed project financing should be approved; and (5) that if there were any changes in the scope, cost, or financing arrangements, the City should be ordered to present those changes to the Commission for approval by petitioning to reopen this proceeding.

On September 10, 2002, the City provided copies of a letter from the Division of Highways granting an extension of Permit No. 09-01-0004 to December 31, 2003; a copy of a letter of commitment for interim financing from BB&T Bank; and copies of the Bureau of Public Health permit for Contract Nos. 1 & 2A/2B/2C.

On August 16, 2002, the Commission received a letter from the City stating that the City would be applying for its NPDS permit for the above project and that the City requested

Public Service Commission

the Commission issue a contingent certificate so that the City may open its bids by October 16, 2002.

On September 17, 2002, the Commission received a copy of a State of West Virginia Office of Environmental Health Services permit. However, such permit did not cover the proposed septic tank, soil absorption system for the water treatment plant.

The Commission, by an order entered September 27, 2002, granted approval of the project (contingent upon subsequently submitted documentation). The Commission additionally ordered:

> IT IS FURTHER ORDERED that the City of Summersville request a reopening of this case should there be any changes in the plans, scope, and terms of financing of the project.

On November 8, 2002, Summersville petitioned to reopen this case to seek approval of additional financing. After opening bids, the project cost increased from an estimated $8,361,505 to $11,000,000. Summersville plans to finance the additional cost by an increase in its loan from the Infrastructure and Jobs Development Council from $2,361,505 to $4,661,505. This loan will bear an interest rate of 0% and will be for a term of thirty-seven (37) years with an annual payment of approximately $125,987. The remainder of the increased costs will be funded through an increase in the Drinking Water Treatment Revolving Fund from $2,050,000 to $2,388,495. The interest rate on this loan is 0% with a 1% administrative fee for a term of thirty (30) years. The annual payment for this loan will increase to approximately $79,617. The additional financing will increase the total debt service from $132,157 to $205,604 annually. Summersville adopted an additional rate ordinance on November 12, 2002. The 21% increase over the rates contained in the previous ordinance will provide funds to pay the increased debt service and will provide debt service coverage of 125.53%. The rates approved in the November 12, 2002, ordinance are to become effective on August 1, 2004.

On November 20, 2002, Staff filed, "Response of the Staff of the Public Service Commission of West Virginia to Motion to Reopen Filed by City of Summersville." Staff noted the need for urgency in this matter but stated that all information necessary to its recommendation was not yet available.

Staff filed its "Final Joint Staff Memorandum" on December 5, 2002. Staff noted the revised loan terms and explained that according to the revised Rule 42 exhibit the combined annual debt requirement has increased from $132,157 to $205,604. The subsequently adopted project rates and charges will generate additional annual operating revenues of approximately $49,844 over going level. This amount of revenues, plus the available surplus

Public Service Commission

funds of approximately $87,248 at going level, will be sufficient to cover the additional annual debt service requirements needed to fund the increased project cost. The revisions will also provide a pro-forma surplus of approximately $14,035 and a debt coverage ration of 125.53%. Staff also noted that given the additional funding requirements, the project with the subsequently adopted rates and charges is financially feasible and should be approved. Staff concluded by recommending approval of (1) the request for revised financing, and (2) the level of operating costs as reflected in the revised Rule 42 Exhibit.

Staff filed a letter on December 6, 2002, noting that Summersville was facing a loan closing on December 18, 2002.

DISCUSSION

This case should be reopened to consider Summersville's request to revise funding of the project.

Based on the Staff review and recommendation, the Commission shall approve the revised funding and operating costs of the project. Additional modification to the plans, scope, or terms of financing of the project would require Summersville to obtain Commission approval of such proposed change prior to moving forward with the project.

FINDINGS OF FACT

1. On May 17, 2002, the City pre-filed an application for a certificate of convenience and necessity to construct and operate the following major components at the City's water system in Nicholas County.

2. The Commission, by an order entered September 27, 2002, granted approval of the project (contingent upon subsequently submitted documentation).

3. Summersville's project cost increased from an estimated $8,361,505 to $11,000,000 based on opened bids.

4. On November 8, 2002, Summersville petitioned to reopen this case to seek approval of additional financing.

5. Summersville plans to finance the additional cost by an increase in its loan from the Infrastructure and Jobs Development Council from $2,361,505 to $4,661,505. This loan will bear an interest rate of 0% and will be for a term of thirty-seven (37) years with an annual payment of approximately $125,987.

Public Service Commission

6. The remainder of the increased costs will be obtained through an increase in the Drinking Water Treatment Revolving Fund from $2,050,000 to $2,388,495. The interest rate on this loan is 0% with a 1% administrative fee for a term of thirty (30) years. The annual payment for this loan will increase to approximately $79,617.

7. Summersville adopted a rate ordinance on November 12, 2002. The increased rates and charges will provide funds to pay the increased debt service and will provide debt service coverage of 125.53%. The rates are to become effective on August 1, 2004.

8. Staff filed its "Final Joint Staff Memorandum" on December 5, 2002. Staff noted the revised loan terms and explained that according to the revised Rule 42 exhibit the combined annual debt requirement has increased from $132,157 to $205,604. The subsequently adopted project rates and charges will generate additional annual operating revenues of approximately $49,844 over going level. This amount of revenues, plus the available surplus funds of approximately $87,248 at going level, will be sufficient to cover the additional annual debt service requirements needed to fund the increased project cost. The revisions will also provide a pro-forma surplus of approximately $14,035 and a debt coverage ration of 125.53%. Staff also noted that given the additional funding requirements, the project with the subsequently adopted rates and charges is financially feasible and should be approved. Staff concluded by recommending approval of (1) the request for revised financing, and (2) the level of operating costs as reflected in the revised Rule 42 Exhibit.

CONCLUSIONS OF LAW

1. This case should be reopened to consider Summersville's request to revise funding of the project.

2. Based on the Staff review and recommendation, the Commission shall approve the revised funding and operating costs of the project. Additional modification to the plans, scope, or terms of financing of the project would require Summersville to obtain Commission approval of such proposed change prior to moving forward with the project.

ORDER

IT IS THEREFORE ORDERED that this proceeding is hereby reopened.

IT IS FURTHER ORDERED that the increase in the project costs from estimated $8,361,505 to an amount not too exceed $11,000,000 is hereby approved.

IT IS FURTHER ORDERED that the increase in the loan from the Infrastructure and Jobs Development Council from $2,361,505 to $4,661,505, with an interest rate of 0% and

Public Service Commission

a term of thirty-seven (37) years with an annual payment of approximately $125,987, is hereby approved.

IT IS FURTHER ORDERED that the increase in the Drinking Water Treatment Revolving Fund loan from $2,050,000 to $2,388,495 with an interest rate of 0%; a 1% administrative fee; a term of thirty (30) years; and an annual payment of approximately $79,617, is hereby approved.

IT IS FURTHER ORDERED that the revisions as reflected in the revised Rule 42 exhibit, and as described herein, are approved.

IT IS FURTHER ORDERED that, should any changes occur with respect to the cost, scope, terms and conditions, or financing of the project herein approved, Summersville shall notify the Commission immediately and obtain the Commission's consent and approval for any revision or change prior to commencing or continuing construction.

IT IS FURTHER ORDERED that upon entry of this order, this case shall be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

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JJW/lfg
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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 27th day of February, 2009.

CASE NO. 02-0850-PWD-CN (REOPENED)

CITY OF SUMMERSVILLE REGIONAL
WATER SYSTEM, Summersville, Nicholas County.
Application for a certificate of convenience and necessity
to construct certain additions and improvements to the City
of Summersville's water system in Nicholas County.

COMMISSION ORDER

On February 5, 2009, the Commission authorized the City of Summersville to issue $1.1 million in Bond Anticipation Notes to finance certain additional costs related to a certificate project.

It has come to the Commission's attention that the Order should have authorized the issuance of $1.11 million in Bond Anticipation Notes. It is reasonable to correct the Ordering language so that Summersville is authorized to issue $1.11 million in Bond Anticipation Notes.

ORDER

IT IS THEREFORE ORDERED that the first ordering paragraph of the February 5, 2009, Order is replaced with this paragraph:

> Summersville's petition to reopen is granted. The estimated Project costs are revised to an amount not to exceed $12,110,000. Summersville may issue $1.11 million in bond anticipation notes with interest at three percent for a term of three years, to be purchased by WDA.

IT IS FURTHER ORDERED that in all other respects the Commission's February 5, 2009, Order remains in full force and effect.

IT IS FURTHER ORDERED this matter is removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon City of Summersville Regional Water System by **facsimile** and all other parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

CLW/sek
020850cd.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 5th day of February, 2009.

CASE NO. 02-0850-PWD-CN (REOPENED)

CITY OF SUMMERSVILLE REGIONAL
WATER SYSTEM, Summersville, Nicholas County.
Application for a certificate of convenience and necessity
to construct certain additions and improvements to the City
of Summersville's water system in Nicholas County.

COMMISSION ORDER

The Commission approves the request of the City of Summersville to issue Bond Anticipation Notes to finance certain additional costs related to a certificate project.

BACKGROUND

In 2002, the City of Summersville was granted a certificate of public convenience and necessity to construct a regional water treatment facility, a raw water intake system, a raw water pumping station, some 16,600 feet of raw and finished water lines, and a water storage tank with a telemetry system (collectively, the Project). See Comm'n Order pp. 7-8, City of Summersville, Case No. 02-0850-PWD-CN (Sept. 27, 2002). The Project was estimated to cost $8,361,505, and the Commission also approved financing for it.

Bids came in higher than expected, and on December 16, 2002, the Commission approved changes in Project financing and authorized an increase in the total Project cost of up to $11,000,000. See Comm'n Order pp. 4-6, City of Summersville, Case No. 02-0850-PWD-CN (Dec. 16, 2002).

In each of the Orders, Summersville was required to obtain prior consent and approval for further changes.

On November 13, 2008, Summersville petitioned for the Commission's consent and approval of further revised financing to cover additional construction costs as well as litigation costs attributable to Summersville's dispute with a Project contractor, North American Drillers, Inc. (NAD).

In the reopening, Summersville proposed to reduce the additional costs by issuing $1.1 million in bond anticipation notes (BANs) at three percent interest for three years. Petition to reopen pp. 1-3. The BANs will be sold to the West Virginia Water Development Authority and be secured by surplus revenues and bonds to be issued by Summersville. See Ex. C, attached to petition to reopen (WDA's Sept. 29, 2008, commitment letter); Ex. D (budget for disbursement of BAN proceeds). Upon issuance of the BANs, the total Project cost will increase to $12,110,000.

On December 1, 2008, Summersville filed a financial exhibit, pursuant to Rule 42 of the Commission's Rules for the Construction and Filing of Tariffs, 150 C.S.R. Series 2, that was recently prepared in support of a different project, the Phase IIA Glade Creek Water Extension.

On December 5, 2008, Commission Staff recommended that Summersville be required to provide additional information. Initial Joint Staff Memorandum p. 2. Based upon Technical Staff's review of the financial data recently filed, Staff advised that Summersville's current cash flow was not sufficient to cover the debt service on the BANs. Initial Internal Memorandum p. 2, attached to Initial Joint Staff Memorandum.

On December 9, 2008, the Commission required Summersville to file additional information within 30 days. Comm'n Order pp. 3-4.

On December 11, 2008, Summersville filed a projected cash flow statement.

On January 21, 2009, Summersville filed additional information, advising that the Project included the construction of a tunnel from the water intake at Summersville Lake to the new treatment plant. NAD alleged that it encountered significantly higher rock strength than anticipated, and as a result, NAD requested additional compensation, but Summersville objected. Following extensive litigation, Summersville and NAD settled their dispute with Summersville agreeing to pay $975,000 over time with interest at eight percent. Ltr. pp. 1-2; See Petition to Reopen Ex. A

Summersville explained that it proposed to temporarily finance the additional costs with the proceeds of the BANs, which have a lower interest rate – three percent. Ltr. p. 2. Summersville expects to repay the BANs at maturity with a permanent loan from the West Virginia Infrastructure and Jobs Development Council.

Summersville also stated that new sales to bulk water customers, such as Craigsville Public Service District, Nettie-Leivasy Public Service District and Gauley River Public Service District, and reductions in operation and maintenance expenses are expected to generate sufficient additional revenues to cover the debt service on the BANs. Ltr. p. 2. With the combination of additional bulk sales and expense reductions, Summersville is optimistic that a rate increase will not be necessary. Id.

Because Summersville will immediately experience reduced interest expense under the BANs, Summersville asked for expedited treatment. Summersville proposed to close on the BAN by February 12, 2009. Ltr. p. 2.

Summersville also provided a cash-flow statement reflecting that revenues have increased and its operation and maintenance expenses have decreased. Summersville projects an $80,000 annual surplus and 151% bond coverage. Ltr. Ex. B.

On February 4, 2009, Staff recommended that the petition to reopen be granted. Final Joint Staff Memorandum p. 2. Staff recommended that Summersville monitor its cash flow very closely. If it appears that the additional revenues from the regional Project will not cover the costs of the BANs, Staff suggested that Summersville immediately take steps to enact a rate ordinance and increase rates.

DISCUSSION

It is reasonable for Summersville to issue the proposed BANs to finance the additional construction costs and reduce its interest expense. The Commission will, therefore, approve the petition to reopen.

We agree with Staff that Summersville should closely monitor its cash flow and promptly enact a rate ordinance and increase rates to cover the debt service for the BANs, if that becomes necessary.

FINDINGS OF FACT

1. On November13, 2008, Summersville petitioned for the Commission's consent and approval of further revised financing to fund additional Project costs. Petition to reopen pp. 1-3.

2. On February 4, 2009, Commission Staff recommended that Summersville's petition be granted. Initial Joint Staff Memorandum p. 2.

CONCLUSIONS OF LAW

1. It is reasonable for Summersville to issue the proposed BANs to finance the additional construction costs and reduce its interest expense.

2. Summersville should closely monitor its cash flow. If it appears that the additional revenues from the regional Project will not cover the costs of the BANs, Summersville should immediately take steps to enact a rate ordinance and increase rates.

per 2/27/09 order.

1.1

ORDER

IT IS THEREFORE ORDERED that Summersville's petition to reopen is granted. The estimated Project costs are revised to an amount not to exceed $12,110,000. Summersville may issue $1.1 million in bond anticipation notes with interest at three percent for a term of three years, to be purchased by WDA.

IT IS FURTHER ORDERED that, should any changes occur with respect to the cost, scope, terms and conditions, or financing of the Project, Summersville shall notify the Commission immediately and obtain the Commission's consent and approval for any revision or change prior to commencing or continuing construction.

IT IS FURTHER ORDERED that this matter is removed from the Commission's docket of active cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this Order upon City of Summersville Regional Water System by **facsimile** and all other parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

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WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

September 8, 2011

The Honorable Robert L. Shafer
Mayor, City of Summersville
400 North Broad Street
P.O. Box 525
Summersville, WV 26651

Re: City of Summersville
Water Project 98W-412
Binding Commitment
(Action Required by September 30, 2011)

Dear Mayor Shafer:

At its September 8, 2011 meeting, the West Virginia Infrastructure and Jobs Development Council voted to approve that the City of Summersville receive a binding commitment for a $1,158,000 Infrastructure Fund loan (1%, 40 yrs) to refinance a 2009 Bond Anticipation Note.

If you have any questions regarding this matter, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

cc: Samme Gee, Esq., Jackson Kelly *(via e-mail)*
Katy Mallory, Steptoe & Johnson *(via e-mail)*
Edward L. Shutt, P.E., Stafford Consultants, Inc. *(via e-mail)*
Alice M. King, Region IV Planning & Development Council *(via e-mail)*

NOTE: This letter is sent in triplicate. Please acknowledge receipt and immediately return two copies to the Infrastructure Council.

CITY OF SUMMERSVILLE

By: _____

Its: Mayor

Date: 9-26-11

180 Association Drive • Charleston, WV 25311 • Phone (304) 414-6501 • Fax (304) 414-0866

www.wvinfrastructure.com

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

August 4, 2011

The Honorable Robert L. Shafer
Mayor, City of Summersville
P.O. Box 525
Summersville, WV 26651

Re: City of Summersville (Glade Creek)
Water Project No. 2011W-1268 – Phase IIB

Dear Mayor Shafer:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the City of Summersville's (City) preliminary application for approval and funding to serve 108 new customers by constructing approximately 11.8 miles of new waterline (Project).

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Water Technical Review Committee as the City may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the City utilize a $256,770 Abandoned Mine Lands grant and pursue a $537,730 Small Cities Block grant to fund this Project.

The Infrastructure Council also determined that the City may be eligible for a $1,794,500 Infrastructure Fund loan (1%, 40 yrs), a $1,158,000 Infrastructure Fund loan (1%, 40 yrs) for the refinancing of a 2009 BAN for the construction of the City's WTP and a $1,000,000 Infrastructure Fund grant pending final determination of the project's eligibility and readiness to proceed. The Infrastructure Council recognizes that the $1,158,000 Infrastructure Fund loan may be ready to close earlier than the project is ready to proceed. In such case, the City should request a separate bonding for the BAN takeout. The total Project cost is $4,747,000. **This letter is not a commitment of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If the City has any questions regarding this matter, please contact James W. Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Jeanna Bailes, WVDO (w/o enclosure) *(via e-mail)*
Edward L. Shutt, P.E., Stafford Consultants, Inc.
Alice M. King, Region IV P&DC

180 Association Drive • Charleston, WV 25311 • Phone (304) 414-6501 • Fax (304) 558-4609

www.wvinfrastructure.com

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On this 2nd day of April, 2012, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the Town of Summersville (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the entire original issue of $1,128,609 principal amount of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), issued as a single, fully registered Bond, numbered AR-1, and dated April 2, 2012.

2. At the time of such receipt of the Bonds upon original issuance, the Bonds had been executed by the Mayor and the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the sum of $1,128,609, being the entire principal amount of the Bonds.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first above written.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Its: Authorized Representative

TOWN OF SUMMERSVILLE

By: Robert Tolley
Its: Mayor

878730.00009

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TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 2nd day of April, 2012, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), in the principal amount of $1,128,609, dated April 2, 2012 (the "Bonds"), executed by the Mayor and the Recorder of the Town of Summersville (the "Issuer"), and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on December 12, 2011, and a Supplemental Resolution duly adopted by the Issuer on March 26, 2012 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bond issue, duly certified by the Recorder of the Issuer;

(3) Executed counterparts of the loan agreement dated April 2, 2012 (the "Loan Agreement"), 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; and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $1,128,609, representing the entire principal amount of the Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the date first written above.

TOWN OF SUMMERSVILLE

By: _____
Its: Mayor

878730.00009

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SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF SUMMERSVILLE
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,128,609

KNOW ALL MEN BY THESE PRESENTS: That on this 2nd day of April, 2012, 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 TWENTY-EIGHT THOUSAND SIX HUNDRED NINE DOLLARS ($1,128,609), 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, 2012, to and including March 1, 2052, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest of 1% payable quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including March 1, 2052, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of 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 The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 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 April 2, 2012.

This Bond is issued (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance hereof and related costs. The existing public combined waterworks and sewerage system of the Issuer, and any further extensions, additions, betterments or 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"), and a Bond Ordinance duly enacted by the Issuer on December 12, 2011, and a Supplemental Resolution duly adopted by the Issuer on March 26, 2012 (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.

THE ISSUER HAS THE FOLLOWING OUTSTANDING OBLIGATIONS SECURED BY AND PAYABLE FROM A PLEDGE OF THE NET REVENUES OF THE SYSTEM: (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM 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"); (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) WATER AND SEWER 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"); (8) WATER AND SEWER 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"); (9) WATER AND SEWER 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 (10) WATERWORKS AND SEWERAGE 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) WATER AND SEWER REVENUE BONDS, SERIES 1991 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED AUGUST 13, 1991, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $35,671 (THE "SERIES 1991 B BONDS"); AND (2) WATER AND SEWER 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 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 senior and prior 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 2012 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2012 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 subordinate to, the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2012 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 subordinate to, the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the registrar (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 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.

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 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.

[Remainder of Page Intentionally left Blank]

IN WITNESS WHEREOF, the TOWN 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 as of the date first written above.

[SEAL]

SPECIMEN

Mayor

ATTEST

SPECIMEN

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2012 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 2, 2012.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $1,128,609	04/02/2012	(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

BOND DEBT SERVICE
Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Dated Date	4/2/2012
Delivery Date	4/2/2012

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2012	5,789	1.000%	2,821.52	8,610.52
12/1/2012	5,804	1.000%	2,807.05	8,611.05
3/1/2013	5,818	1.000%	2,792.54	8,610.54
6/1/2013	5,833	1.000%	2,778.00	8,611.00
9/1/2013	5,847	1.000%	2,763.41	8,610.41
12/1/2013	5,862	1.000%	2,748.80	8,610.80
3/1/2014	5,877	1.000%	2,734.14	8,611.14
6/1/2014	5,891	1.000%	2,719.45	8,610.45
9/1/2014	5,906	1.000%	2,704.72	8,610.72
12/1/2014	5,921	1.000%	2,689.96	8,610.96
3/1/2015	5,936	1.000%	2,675.15	8,611.15
6/1/2015	5,951	1.000%	2,660.31	8,611.31
9/1/2015	5,965	1.000%	2,645.44	8,610.44
12/1/2015	5,980	1.000%	2,630.52	8,610.52
3/1/2016	5,995	1.000%	2,615.57	8,610.57
6/1/2016	6,010	1.000%	2,600.59	8,610.59
9/1/2016	6,025	1.000%	2,585.56	8,610.56
12/1/2016	6,040	1.000%	2,570.50	8,610.50
3/1/2017	6,055	1.000%	2,555.40	8,610.40
6/1/2017	6,071	1.000%	2,540.26	8,611.26
9/1/2017	6,086	1.000%	2,525.08	8,611.08
12/1/2017	6,101	1.000%	2,509.87	8,610.87
3/1/2018	6,116	1.000%	2,494.62	8,610.62
6/1/2018	6,132	1.000%	2,479.33	8,611.33
9/1/2018	6,147	1.000%	2,464.00	8,611.00
12/1/2018	6,162	1.000%	2,448.63	8,610.63
3/1/2019	6,178	1.000%	2,433.22	8,611.22
6/1/2019	6,193	1.000%	2,417.78	8,610.78
9/1/2019	6,209	1.000%	2,402.30	8,611.30
12/1/2019	6,224	1.000%	2,386.77	8,610.77
3/1/2020	6,240	1.000%	2,371.21	8,611.21
6/1/2020	6,255	1.000%	2,355.61	8,610.61
9/1/2020	6,271	1.000%	2,339.98	8,610.98
12/1/2020	6,287	1.000%	2,324.30	8,611.30
3/1/2021	6,302	1.000%	2,308.58	8,610.58
6/1/2021	6,318	1.000%	2,292.83	8,610.83
9/1/2021	6,334	1.000%	2,277.03	8,611.03
12/1/2021	6,350	1.000%	2,261.20	8,611.20
3/1/2022	6,366	1.000%	2,245.32	8,611.32
6/1/2022	6,381	1.000%	2,229.41	8,610.41
9/1/2022	6,397	1.000%	2,213.45	8,610.45
12/1/2022	6,413	1.000%	2,197.46	8,610.46
3/1/2023	6,429	1.000%	2,181.43	8,610.43
6/1/2023	6,446	1.000%	2,165.36	8,611.36

BOND DEBT SERVICE
Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2023	6,462	1.000%	2,149.24	8,611.24
12/1/2023	6,478	1.000%	2,133.09	8,611.09
3/1/2024	6,494	1.000%	2,116.89	8,610.89
6/1/2024	6,510	1.000%	2,100.66	8,610.66
9/1/2024	6,527	1.000%	2,084.38	8,611.38
12/1/2024	6,543	1.000%	2,068.06	8,611.06
3/1/2025	6,559	1.000%	2,051.71	8,610.71
6/1/2025	6,576	1.000%	2,035.31	8,611.31
9/1/2025	6,592	1.000%	2,018.87	8,610.87
12/1/2025	6,608	1.000%	2,002.39	8,610.39
3/1/2026	6,625	1.000%	1,985.87	8,610.87
6/1/2026	6,642	1.000%	1,969.31	8,611.31
9/1/2026	6,658	1.000%	1,952.70	8,610.70
12/1/2026	6,675	1.000%	1,936.06	8,611.06
3/1/2027	6,692	1.000%	1,919.37	8,611.37
6/1/2027	6,708	1.000%	1,902.64	8,610.64
9/1/2027	6,725	1.000%	1,885.87	8,610.87
12/1/2027	6,742	1.000%	1,869.06	8,611.06
3/1/2028	6,759	1.000%	1,852.20	8,611.20
6/1/2028	6,776	1.000%	1,835.30	8,611.30
9/1/2028	6,793	1.000%	1,818.36	8,611.36
12/1/2028	6,810	1.000%	1,801.38	8,611.38
3/1/2029	6,827	1.000%	1,784.36	8,611.36
6/1/2029	6,844	1.000%	1,767.29	8,611.29
9/1/2029	6,861	1.000%	1,750.18	8,611.18
12/1/2029	6,878	1.000%	1,733.03	8,611.03
3/1/2030	6,895	1.000%	1,715.83	8,610.83
6/1/2030	6,912	1.000%	1,698.59	8,610.59
9/1/2030	6,930	1.000%	1,681.31	8,611.31
12/1/2030	6,947	1.000%	1,663.99	8,610.99
3/1/2031	6,964	1.000%	1,646.62	8,610.62
6/1/2031	6,982	1.000%	1,629.21	8,611.21
9/1/2031	6,999	1.000%	1,611.76	8,610.76
12/1/2031	7,017	1.000%	1,594.26	8,611.26
3/1/2032	7,034	1.000%	1,576.72	8,610.72
6/1/2032	7,052	1.000%	1,559.13	8,611.13
9/1/2032	7,069	1.000%	1,541.50	8,610.50
12/1/2032	7,087	1.000%	1,523.83	8,610.83
3/1/2033	7,105	1.000%	1,506.11	8,611.11
6/1/2033	7,123	1.000%	1,488.35	8,611.35
9/1/2033	7,140	1.000%	1,470.54	8,610.54
12/1/2033	7,158	1.000%	1,452.69	8,610.69
3/1/2034	7,176	1.000%	1,434.80	8,610.80
6/1/2034	7,194	1.000%	1,416.86	8,610.86
9/1/2034	7,212	1.000%	1,398.87	8,610.87
12/1/2034	7,230	1.000%	1,380.84	8,610.84
3/1/2035	7,248	1.000%	1,362.77	8,610.77
6/1/2035	7,266	1.000%	1,344.65	8,610.65

BOND DEBT SERVICE
Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2035	7,284	1.000%	1,326.48	8,610.48
12/1/2035	7,303	1.000%	1,308.27	8,611.27
3/1/2036	7,321	1.000%	1,290.01	8,611.01
6/1/2036	7,339	1.000%	1,271.71	8,610.71
9/1/2036	7,358	1.000%	1,253.36	8,611.36
12/1/2036	7,376	1.000%	1,234.97	8,610.97
3/1/2037	7,394	1.000%	1,216.53	8,610.53
6/1/2037	7,413	1.000%	1,198.04	8,611.04
9/1/2037	7,431	1.000%	1,179.51	8,610.51
12/1/2037	7,450	1.000%	1,160.93	8,610.93
3/1/2038	7,469	1.000%	1,142.31	8,611.31
6/1/2038	7,487	1.000%	1,123.64	8,610.64
9/1/2038	7,506	1.000%	1,104.92	8,610.92
12/1/2038	7,525	1.000%	1,086.15	8,611.15
3/1/2039	7,544	1.000%	1,067.34	8,611.34
6/1/2039	7,562	1.000%	1,048.48	8,610.48
9/1/2039	7,581	1.000%	1,029.58	8,610.58
12/1/2039	7,600	1.000%	1,010.62	8,610.62
3/1/2040	7,619	1.000%	991.62	8,610.62
6/1/2040	7,638	1.000%	972.58	8,610.58
9/1/2040	7,657	1.000%	953.48	8,610.48
12/1/2040	7,677	1.000%	934.34	8,611.34
3/1/2041	7,696	1.000%	915.15	8,611.15
6/1/2041	7,715	1.000%	895.91	8,610.91
9/1/2041	7,734	1.000%	876.62	8,610.62
12/1/2041	7,754	1.000%	857.28	8,611.28
3/1/2042	7,773	1.000%	837.90	8,610.90
6/1/2042	7,792	1.000%	818.47	8,610.47
9/1/2042	7,812	1.000%	798.99	8,610.99
12/1/2042	7,831	1.000%	779.46	8,610.46
3/1/2043	7,851	1.000%	759.88	8,610.88
6/1/2043	7,871	1.000%	740.25	8,611.25
9/1/2043	7,890	1.000%	720.57	8,610.57
12/1/2043	7,910	1.000%	700.85	8,610.85
3/1/2044	7,930	1.000%	681.07	8,611.07
6/1/2044	7,950	1.000%	661.25	8,611.25
9/1/2044	7,970	1.000%	641.37	8,611.37
12/1/2044	7,989	1.000%	621.45	8,610.45
3/1/2045	8,009	1.000%	601.48	8,610.48
6/1/2045	8,029	1.000%	581.45	8,610.45
9/1/2045	8,050	1.000%	561.38	8,611.38
12/1/2045	8,070	1.000%	541.26	8,611.26
3/1/2046	8,090	1.000%	521.08	8,611.08
6/1/2046	8,110	1.000%	500.86	8,610.86
9/1/2046	8,130	1.000%	480.58	8,610.58
12/1/2046	8,151	1.000%	460.26	8,611.26
3/1/2047	8,171	1.000%	439.88	8,610.88
6/1/2047	8,191	1.000%	419.45	8,610.45

Town of Summersville
IF
1% Interest Rate
40 Years from Closing Date

Period Ending	Principal	Coupon	Interest	Debt Service
9/1/2047	8,212	1.000%	398.97	8,610.97
12/1/2047	8,232	1.000%	378.44	8,610.44
3/1/2048	8,253	1.000%	357.86	8,610.86
6/1/2048	8,274	1.000%	337.23	8,611.23
9/1/2048	8,294	1.000%	316.55	8,610.55
12/1/2048	8,315	1.000%	295.81	8,610.81
3/1/2049	8,336	1.000%	275.02	8,611.02
6/1/2049	8,357	1.000%	254.18	8,611.18
9/1/2049	8,378	1.000%	233.29	8,611.29
12/1/2049	8,399	1.000%	212.35	8,611.35
3/1/2050	8,420	1.000%	191.35	8,611.35
6/1/2050	8,441	1.000%	170.30	8,611.30
9/1/2050	8,462	1.000%	149.20	8,611.20
12/1/2050	8,483	1.000%	128.04	8,611.04
3/1/2051	8,504	1.000%	106.83	8,610.83
6/1/2051	8,525	1.000%	85.57	8,610.57
9/1/2051	8,547	1.000%	64.26	8,611.26
12/1/2051	8,568	1.000%	42.89	8,610.89
3/1/2052	8,589	1.000%	21.47	8,610.47
	1,128,609		**240,525.10**	**1,369,134.10**

(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: _____, 20__.

_____

In the 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
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Writer's Contact Information

April 2, 2012

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

Town of Summersville
Summersville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Summersville (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its $1,128,609 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated April 2, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), 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 Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing interest at the rate of 1.0%, with principal and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2012, to and including March 1, 2052, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the Issuers Combined Waterworks and Sewerage System Design Bond Anticipation Notes, Series 2009 A (the "Prior Notes"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on December 12, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 26, 2012 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

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

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Combined Waterworks and Sewerage System 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"); (2) Combined Waterworks and Sewerage System 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) Water and Sewer 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"); (8) Water and Sewer 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"); (9) Water and Sewer 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 (10) Waterworks and Sewerage 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 senior and prior to the Issuer's (1) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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").

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

6. The Bonds have not been issued on the basis that the interest, if any, thereon is or will be excluded from gross income 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.

7. With proceeds from the Series 2012 A Bonds, the Prior Notes have been paid in full, and the covenants, agreements and other obligations of the Issuer to the owners of such Prior Notes has been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the receipt of payment from the owners of such Prior Notes that they have received payment for the entire outstanding principal of such Prior Notes and all interest accrued thereon on the date hereof and that such Prior Notes has been paid in full.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and 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 their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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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

April 2, 2012

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

Town of Summersville
Summersville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Summersville in Nicholas County, West Virginia (the "Issuer"), in connection with the above-captioned bond issue. As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated April 2, 2012, including all schedules and exhibits attached thereto (the "Loan Agreement"), 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"), a Bond Ordinance duly enacted by the Issuer on December 12, 2011, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 26, 2012 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the council of the Issuer have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

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

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

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement 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 ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, exemptions, consents, registrations, certificates and authorizations required by law for the issuance of the Bonds, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of ordinances prescribing such rates and charges. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal.

6. The Issuer has received Commission Order dated September 27, 2002; Commission Order dated December 16, 2002; Commission Order dated February 5, 2009; Commission Order dated February 27, 2009; and Commission Order dated October 13, 2011 in Case No. 02-0850-PWD-CN of the Public Service Commission of West Virginia granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders has expired prior to the date hereof. Such Orders remain in full force and effect.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

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Series 2009 A BAN Payoff

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. LOAN AGREEMENT
10. INSURANCE
11. VERIFICATION OF SCHEDULE
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
16. PUBLIC SERVICE COMMISSION ORDERS
17. SPECIMEN BOND
18. CONFLICT OF INTEREST
19. EXECUTION OF COUNTERPARTS

On this 2nd day of April, 2012, 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, hereby certify in connection with the Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds" or the "Series 2012 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as in the Bond Ordinance of the Issuer duly enacted December 12, 2011, and the Supplemental Resolution duly adopted March 26, 2012 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the

payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the operation of the System, the pledge or application of moneys and security or the collection of the Net Revenues.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the loan agreement (the "Loan Agreement") entered into by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council.

The Issuer has the following outstanding obligations secured by and payable from a pledge of the Net Revenues of the System: (1) Combined Waterworks and Sewerage System 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"); (2) Combined Waterworks and Sewerage System 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) Water and Sewer 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"); (8) Water and Sewer 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"); (9) Water and Sewer 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 (10) Waterworks and Sewerage 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) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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 2012 A Bonds shall be issued on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds with respect to liens, pledge and source of and security for payment

and in all other respects. Prior to the issuance of the Series 2012 A Bonds, the Issuer has obtained a (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds have been met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2012 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holder of the Series Second Lien Bonds to the issuance of the Series 2012 A Bonds senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Prior Ordinances and no default exists with respect to the Prior Bonds.

There are also outstanding obligations of the Issuer which will not rank on a parity with the Series 2012 A Bonds as to liens, pledge and source of and security for payment being the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2011 A (United Bank, Inc.), dated August 19, 2011, issued in the original aggregate principal amount of $350,000 (the "Series 2011 A Notes").

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way unless modification appears from later documents also listed below:

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Councilmembers

Water Rate Ordinance and Sewer Rate Ordinance

Minutes on Adoption and Enactment of Rate Ordinances

Affidavits of Publication of Rate Ordinances and Notice of Public Hearing

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

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

Consent of WDA

Consent of USDA

Prior Bond Ordinances and Supplemental Resolutions

Evidence of Insurance

Receipt and Release of Prior Notes

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Summersville." The Issuer is a municipal corporation in Nicholas County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its council, consisting of a Mayor, a Recorder and 7 council members, all duly elected, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Robert L. Shafer, Mayor	July 1, 2011	June 30, 2015
Fred Reed, Recorder		
Wayne Halstead, Councilmember	July 1, 2011	June 30, 2015
Eugene Underwood, Councilmember	July 1, 2011	June 30, 2015
Lisa Baker, Councilmember	July 1, 2011	June 30, 2015
Amy Young, Councilmember	July 1, 2011	June 30, 2015
David Harper, Councilmember	July 1, 2011	June 30, 2015
Joe Rapp, Councilmember	July 1, 2011	June 30, 2015
Mike Steadham, Councilmember	July 1, 2011	June 30, 2015

The duly appointed and acting Counsel to the Issuer is Steptoe & Johnson PLLC, of Charleston, West Virginia.

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

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

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

10. INSURANCE: The Issuer will maintain public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation are in full force and effect.

11. VERIFICATION OF SCHEDULE: The final Schedule B hereto as Exhibit A, accurately represents the estimated sources of funds available to pay the prior Notes and the costs of financing of the Bonds.

12. RATES: The Issuer has duly enacted a water rate ordinance on June 22, 2009, setting forth the respective rates and charges for the services of the water portion of the System. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal, and such rate ordinance is currently in effect. The Issuer has duly enacted a sewer rate ordinance on January 28, 2002.

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

14. BOND PROCEEDS: On the date hereof, the Issuer received $1,128,609 from the Authority and the Council, being the entire principal amount of the Bonds.

15. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in *The Nicholas Chronicle*, a newspaper published and of general circulation in Town of Summersville, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of the Governing Body on the 12th day of December, 2011, at 7:00 p.m., at the Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received Commission Order dated September 27, 2002; Commission Order dated December 16, 2002; Commission Order dated February 5, 2009; Commission Order dated February 27, 2009; and Commission Order dated October 13, 2011 in Case No. 02-0850-PWD-CN of the Public Service Commission of West Virginia granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Orders has expired prior to the date hereof. Such Orders remain in full force and effect.

17. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

18. 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 and/or the Bond Legislation, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

19. 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 Blank]

WITNESS our signatures and the official seal of the TOWN OF SUMMERSVILLE as of the date first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Recorder
	Counsel to Issuer

878730.00009

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EXHIBIT A

SCHEDULE B

City of Summersville
IJDC PROJECT 98W-412

A. COST	TOTAL	IJDC Loan
1 Construction	0.00	0.00
2 Technical Services	0.00	0.00
3 Legal	0.00	0.00
4 Administration (Region IV)	0.00	0.00
5 Accounting	1,050.00	1,050.00
6 Repay 2009 A BAN Principal	1,112,059.00	1,112,059.00
7 Contingency	0.00	0.00
8 Sub Total line 1 thru 7	1,113,109.00	1,113,109.00
B. Cost of Financing		
9 Funded Reserve	0.00	0.00
10 Registrar Fees	500.00	500.00
11 Bond Counsel	15,000.00	15,000.00
12 Sub Total Cost of Financing	15,500.00	15,500.00
13 Total Cost of Project (Line 8 + Line 12)	1,128,609.00	1,128,609.00
C. SOURCES OF OTHER FUNDS		
14 Federal Grant	0.00	0.00
15 State Grants	0.00	0.00
16 Other Grants	0.00	0.00
17 Total Grants (lines 14 through 16)	0.00	0.00
18 Total Bond Issue	1,128,609.00	1,128,609.00

IJDC commitment was $1,158,000 (reduced at closing)

City of Summersville

April 2, 2012
Date

April 2, 2012

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
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 28, 2002, and the water rate ordinance of the Issuer enacted June 22, 2009, and the projected operating expenses as furnished to us by the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), issued in the aggregate principal amount of $1,128,609 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System, including the Issuer's: (1) Combined Waterworks and Sewerage System 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"); (2) Combined Waterworks and Sewerage System 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) Water and Sewer 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"); (8) Water and Sewer 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"); (9) Water and Sewer 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 (10) Waterworks and Sewerage Revenue Bonds, Series 1977 (United States Department of Agriculture),

Michael D. Griffith, CPA, AFI *950 Little Coal River Road Alum Creek, WV 25003*
michaelgriffithcpa@verizon.net *Phone: (304) 756.3600 Facsimile: (304) 756.2911*

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) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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 2012 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2012 A 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,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 2nd day of April, 2012, the undersigned Mayor of the Town of Summersville in Nicholas County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,128,609 Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), of the Issuer, dated April 2, 2012 (the "Bonds" or the "Series 2012 A Bonds"), hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on December 12, 2011 and a Supplemental Resolution of the Issuer adopted by the Council of the Issuer on March 26, 2012 (collectively, the "Bond Ordinance"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 2, 2012, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amount of the Series 2012 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2012 A Bonds were sold on April 2, 2012, to the Authority, pursuant to a Loan Agreement dated April 2, 2012, by and between the Issuer and the Authority on behalf of the Council, for an aggregate purchase price of $1,128,609 (100% of par), at which time, the

Issuer received $1,128,609 from the Authority and the Council, being the entire principal amount of the Series 2012 A Bonds. No accrued interest has been or will be paid on the Series 2012 A Bonds.

6. The Series 2012 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying Prior Notes; and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment.

8. The total cost is estimated at $1,128,609. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2012 A Bonds	$1,128,609
Total Sources	$1,128,609

USES	
Pay Prior Notes	$1,112,059
Costs of Issuance	$16,550
Total Uses	$1,128,609

9. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created or continued relative to the Series 2012 A Bonds:

(1) Revenue Fund (created by Prior Ordinance);

(2) Renewal and Replacement Fund (created by Prior Ordinance);

(3) Series 2012 A Bonds Trust Fund;

(4) Series 2012 A Bonds Sinking Fund; and

(5) Series 2012 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Series 2012 A Bond proceeds in the amount of $1,112,059 will be deposited with the Commission to pay the Prior Notes.

(2) Series 2012 A Bond proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2012 A Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(3) Series 2012 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2012 A Bonds Reserve Account.

(4) The balance of the proceeds of the Series 2012 A Bonds will be deposited in the Series 2012 A Bonds Trust Fund as received from time to time and applied solely to payment of costs of issuance of the Series 2012 A Bonds and related costs.

11. Moneys held in the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2012 A Bonds. All investment earnings on moneys in the Series 2012 A Bonds Sinking Fund and Series 2012 A Bonds Reserve Account, if any, will be withdrawn therefrom and will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

13. With the exception of the amount deposited in the Series 2012 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended within 1 month from the date of issuance thereof.

14. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

16. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

18. The Issuer shall use the Bond proceeds solely to pay the Prior Notes and costs of issuance thereof and the System will be operated solely for a public purpose as a local governmental activity of the Issuer.

19. The Bonds are not federally guaranteed.

20. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose bonds.

21. The Issuer has either (a) funded the Series 2012 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2012 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2012 A Bonds Reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2012 A Bonds Reserve Account and the Series 2012 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

22. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

23. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

24. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Blank]

WITNESS my signature as of the date first written above.

TOWN OF SUMMERSVILLE

By:_____
Its: Mayor

08.29.11
878730.00009

5825204

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 scheduled 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

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

ROBERT L. SHAFER, MAYOR

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

Doc ID: 003927660001 Type: MIS
Recorded: 06/29/2011 at 02:47:53 PM
Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 639

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, the 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 Mayor of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD**

ROBERT L. SHAFER
MAYOR

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

GARY L. JOHNSON
CI CUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Clerk

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

Doc ID: 003927670001 Type: MIS
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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 640

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **L. FRED REED**, duly elected Recorder, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Recorder of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

L. FRED REED

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Wanda Hendrickson Clerk

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

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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 644

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **WAYNE HALSTEAD**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

WAYNE HALSTEAD

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Clerk

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

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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 641

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **MIKE STEADHAM**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilman of the City of Summersville, to the best of my skill and judgement, 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, State and City this 29th day of June, 2011.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Wanda Hendrickson Clerk

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

ROBERT L. SHAFER, MAYOR

TELEPHONE: (304) 872-1211
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Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 646

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **JOE RAPP**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

JOE RAPP

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Clerk

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

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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 643

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **AMY YOUNG**, duly elected Councilwoman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilwoman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

Amy Young
AMY YOUNG

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Wanda Hendrickson Clerk

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

Doc ID: 003927690001 Type: MIS
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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 642

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **LISA BAKER**, duly elected Councilwoman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilwoman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

Lisa Baker

LISA BAKER

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

Gary L. Johnson

GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Wanda Hendrickson Clerk

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

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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 647

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **DAVID HARPER**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

DAVID HARPER

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Clerk

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

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Fee Amt: Page 1 of 1
Nicholas County Clerk
Wanda Hendrickson County Clerk
BK 11 PG 645

OATH OF OFFICE

CITY OF SUMMERSVILLE

I, **EUGENE UNDERWOOD**, duly elected Councilman, do solemnly swear or affirm that I will uphold the Constitution of the United States, the 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 Councilman of the City of Summersville, to the best of my skill and judgement, so long as I shall continue to act as such, **SO HELP ME GOD.**

Eugene Underwood
EUGENE UNDERWOOD

Subscribed and sworn to before me, in said County, State and City this 29th day of June, 2011.

Gary L. Johnson
GARY L. JOHNSON
CIRCUIT JUDGE

STATE OF WEST VIRGINIA, Nicholas County Commission Clerk's Office 06/29/2011. The foregoing Affidavit together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste: Wanda Hendrickson Clerk

SEWER

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 I. 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, 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 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 sewers 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 [illegible] 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 conditions 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 Public Service 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 Summ[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 f[illegible]ional billings covering the past fiscal year will be made for payment by each us[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 (40) [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] be effective July 1, 2002 unless otherwise ordered by the Public Service Commission.

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] any 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 in [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

WATER

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 Shafer

Recorder: Marie Perry Parsons

06.08.09
878730.00007

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.

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.

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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.

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 the 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
7/2/09 b1

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, 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	$17.95 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 23,000 gallons per month at $4.38 per 1,000 gallons

CH500640.1

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 decreased 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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WATER RATES

NOTICE OF CHANGE IN SEWER RATES OF THE CITY OF SUMMERSVILLE

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 1,750 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 $4.66 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%

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

CH500640.1

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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Preliminary CPA Certificate

Griffith & Associates, PLLC Accountants & Consultants

Preliminary CPA Certificate

August 25, 2011

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

RE: **Series 2009 A BAN Payoff**

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 28, 2002 and the water rate ordinance of the Issuer enacted June 22, 2009 and the projected operating expenses as furnished to us by the Issuer, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer, will pay all operating expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), proposed to be issued in the principal amount of $1,158,000 at 1% for 40 years (the "Bonds"), and all other obligations secured by or payable from the revenues of the System, including the Issuer's: (1) Combined Waterworks and Sewerage System 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"); (2) Combined Waterworks and Sewerage System 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"); (3) 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"); (4) 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"); (5) 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"); (6) 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"); (7) Water and Sewer 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"); (8) Water and Sewer Revenue Bonds, Series 1991 A (West Virginia

Michael D. Griffith, CPA, AFI *950 Little Coal River Road Alum Creek, WV 25003*
mgriffith@gcorpwv.com *Phone: (304) 756.3600 Facsimile: (304) 756.2911*

Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $790,057 (the "Series 1991 A Bonds"); (9) Water and Sewer 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 (10) Waterworks and Sewerage 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) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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 2012 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds, the Series 2012 A 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.

Additionally, the reserve accounts for the Prior Bonds are funded in accordance with the Prior Ordinances.

Sincerely,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Bond Anticipation Notes, Series 2012 A
(West Virginia Infrastructure Fund)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, SWEEP RESOLUTION AND FIRST DRAW RESOLUTION

The undersigned Recorder of the Town of Summersville (the "Town") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the Town.

* * * * * * * * *

The Council of the Town met in regular session, pursuant to notice duly given, on the 26th day of March, 2012, in Summersville, West Virginia, at the hour of 7:00 p.m.

PRESENT:

Robert L. Shafer, Mayor
L. Fred Reed, Recorder
Wayne Halstead
Dave Harper
Mike Steadham
Joe Rapp
Amy Young
Eugene Underwood

ABSENT:

Robert Shafer, Mayor, presided, and L. Fred Reed, acted as Recorder. The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

The Mayor presented a proposed Supplemental Resolution in writing entitled:

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 REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF SUMMERSVILLE; RATIFYING AND APPROVING

A LOAN AGREEMENT 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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Mike Steadham and seconded by Amy Young, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Wayne Halstead and seconded by Amy Young, it was unanimously ordered that the said Sweep Resolution be adopted.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Wayne Halstead and seconded by Eugene Underwood, it was unanimously ordered that the said Draw Resolution be adopted.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of the Town of Summersville and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 2nd day of April, 2012.

Recorder

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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 24, 2011

PRESENT: Robert Shafer, Mayor
Fred Reed, Recorder
Wayne Halstead, Councilman Ward I
Lisa Baker, Councilman Ward II
Dave Harper, Councilman Ward III
Mike Steadham, Councilman Ward III
Eugene Underwood, Councilman Ward IV
Joe Rapp, Councilman Ward IV

ABSENT: Amy Young, Councilwoman, Ward I

VISITORS: Mike Ensminger, Nicholas Chronicle
Jay Nowak, Chief of Police
Cookie Comer, Finance Director
John Stump, Steptoe and Johnson
Joey Groves, Street Department
Jason Swager
Greg Carter
Ray Moeller, Vista

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 Mike Steadham.
Seconded by Wayne Halstead.
The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young 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 October 10, 2011. Moved by Mike Steadham.
Seconded by Wayne Halstead.
The vote was as follows:

Wayne Halstead	Yes

Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young was absent for the meeting.

Council held the First Reading on a proposed Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance hereof and related costs. This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System. John Stump, Bond Attorney from Steptoe and Johnson explained that when the Water Plant was built, as a result from various factors, the construction costs went from $8.3 million dollars to approximately $11 million dollars. In order to get the project closed out, the City was provided with a Bond Anticipation Note. Basically it is a short term note from the WV Water Development Authority with the understanding that at some point in the future it would be rolled over to permanent financing. The note was put into place because we knew there would be a lot of customers coming on board and rather than raise everyone's rates then, we wanted to go ahead and let all the new customers come on board, resell customers and etc., so the City was in better position as far as our rate structure and absorbing the additional debt service. This is actually a very positive way to handle the additional cost so you didn't have to raise rates. The note is coming due in a few months and we are in the process now of refinancing the note with an interest rate of 1% and a term of forty years. A motion was made to approve the First Reading of the City of Summersville Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A. Moved by Lisa Baker.

Seconded by Eugene Underwood.

The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young was absent for the meeting.

Mayor Shafer presented a Resolution authorizing payment of an invoice relating to the construction and other services for the Energy Efficiency and Conservation Grant. Alpha Construction submitted an invoice in the amount of $53,989.00 for installation of 8 York Heat Pumps with York Air Handlers and 3 phase heater kits for City Hall. A motion was made to approve the Resolution as presented. Moved by Lisa Baker.
Seconded by Dave Harper.
The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young was absent for the meeting.

Mayor Shafer presented the request for a donation of $5,000 to Richwood High School for blinds. He was approached by parents (one parent in particular) that are working on a parent project that is supported by the High School and the Board of Education to raise money to install new blinds at Richwood High School. He told Council that he felt the City should support this project. This City and our citizens will always be the priority of this governing body. We will never neglect this responsibility. We, the City of Summersville, are the economic hub of this County. All citizens in the County contribute to the economic success we enjoy. They shop in our City, eat in our City and contribute in many ways to our economy. This project is about education of kids and the environment in which that education takes place. We have supported many projects before that are outside the City limits. He asked Council to strongly consider supporting this project. Council members discussed their views and opinions. Councilman Rapp stated that he didn't have anything against Richwood but he felt their school should furnish the blinds. Mayor Shafer said he forgot to mention that the Board of Education's is diligently working to put new windows in the School. The blinds would go on those new windows. Recorder Reed said that Richwood is part of the training for our workforce. He also said he has a soft spot for young people and we need to keep them around. Councilman Underwood said he is for the kids and we have to help them. We have the money from B & O taxes and they don't. And they buy a lot here. He stated that he was not always for that, going and putting blinds in schools out of town but he is for the kids. Councilwoman Baker stated that they should remember as public servants elected by the

citizens that live within the City of Summersville that their votes on City Council regarding a pledge of the City of Summersville constitutes the exercise of our constituents power and she has spoken to many of the constituents that live in Ward II and a few that live outside of Ward II and she could not find one person that supported this. She noted that the projects that the City supported in the past are projects that benefited the City not just the people that lived in one community. There is no benefit to the citizens of Summersville. She advised that if Council funds this project we will be setting a precedence that will result in requests from other schools throughout the County and possibly outside the County. She also noted that it was said this is about the kids; there is no educational benefit to this. We are talking about window blinds. It has nothing to do with the educational process. She said she felt that there are things that are going on in the City of Summersville that we need to budget for and take care of what is going on here. A motion was made to approve the request for a $5,000 donation to the Richwood High School for Blinds. This donation will be taken out of the Council Contribution budget. Moved by Wayne Halstead.

Seconded by Dave Harper.

The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	No
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	No
Fred Reed	Yes

The motion carried with five voting in favor of the motion and two voting against. Councilwoman Amy Young was absent for the meeting.

Councilwoman Lisa Baker advised Council that the Planning and Zoning Commission has been discussing the possibility of seeking grant funds to help offset the costs of the actual planning, proactive planning. The State of West Virginia through the WV Development Office has Flex-E Grants and you can request up to $10,000 with a 15% match. The deadline for the grant is November 4, 2011 and the City wishes to make application on behalf of the Planning and Zoning Commission. The Resolution needs to be approved along with a commitment of $1,500.00. Mayor Shafer asked Recorder Reed if the $1,500.00 is in the P & Z budget. Recorder Reed replied that it is not in the budget. Mayor Shafer stated what we have on the table is the passage of a Resolution which includes $1,500.00 matching funds for this grant. A motion was made to approve the Resolution for the Flex-E Grant and including a $1,500.00 Council Contribution that would be moved from that line item to Planning and Zoning for the purpose of the matching contribution for the Grant. Moved by Lisa Baker.

Seconded by Eugene Underwood.

The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young was absent for the meeting.

Ray Moeller, AmeriCorps VISTA, provided an update on the progress and activities of his position as well as developments relating to the Boy Scout Camp (BSC). He has been involved with the litter sweep, dilapidated structures and the BSC. The Mountain Pride litter sweep was a local and regional success with over 1300 participants across seven counties with nearly 19 tons of debris and approximately 1300 tires removed. Over 200 volunteers participated in the Nicholas County sweep. Many new groups participated and sweeps were done on Rt. 129 near the Summersville Dam, Rt. 55 entering Richwood, Rt. 60 entering Rainelle, the creek in front of the Brown House and a dump site behind the old Summersville High School (NCHS). He has also attended many meetings, conferences, training sessions, social events, etc. Mayor Shafer thanked Mr. Moeller for everything he has done for Summersville and Nicholas County.

Mayor Shafer informed Council that Larry Bradford, Nicholas County Solid Waste Authority (NCSWA), asked him to provide an update to Council on their recycling program. This program was previously operated through the City of Summersville and the NCSWA took it over. They are 25,000 pounds away from two million pounds of recycled materials in 2011. Mr. Bradford also provided him with the Nicholas County Solid Waste Authority Recycling Program Report for 2011. A copy of the report will be available in the City Office for review.

Mayor Shafer announced that he has a sign-up sheet for the Annual Salvation Army Christmas Bell Ringing. There are a few slots left. If any Council person is interested in ringing the bell at Wal-Mart on December 3rd, please call Cookie at the City Office.

Mayor Shafer read a Proclamation celebrating Christian Heritage Week in West Virginia and the City of Summersville which will be observed from November 20, 2011 through November 26, 2011. This Proclamation will be sent to all the Churches in Summersville.

Mayor Shafer noted that if you come in to City Hall this week you will see that the employees are in a dress-down mode. We are participating in a campaign for Polio that is sponsored by the

Rotary Club. They donated $10.00 each to the campaign and will be wearing jeans this week. He doubled the donation amount given by the employees and the City will make a $240.00 contribution to the Polio campaign.

Joey Groves came before Council to provide an update on the Halloween Block Party that is scheduled on Monday, October 31, 2011. The Block Party has been moved from the downtown area to the Nicholas County Veteran's Memorial Park. The event was moved to the Park because there is more space at the Park. The Block Party has grown each year. Recorder Reed took the opportunity to thank Joey for all his hard work.

Mayor Shafer announced that the Annual Veteran's Day Parade will take place at 1:00 o'clock on November 11, 2011. The Annual Veteran's Day dinner that is sponsored by the City of Summersville and the Nicholas County Commission will be held at the Armory at 2:00 o'clock. The parade route will be the same route as the Potato Festival route.

Councilman Rapp reminded everyone of the Community Thanksgiving Dinner that will be held on November 17, 2011 from 11:00 a.m. to 1:00 p.m.

A motion was made to adjourn the meeting at 7:42 p.m. Moved by Eugene Underwood.

Seconded by Dave Harper.

The vote was as follows:

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Councilwoman Amy Young 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 November 14, 2011

PRESENT: Robert Shafer, Mayor
Fred Reed, Recorder
Amy Young, Councilwoman Ward I
Wayne Halstead, Councilman Ward I
Lisa Baker, Councilman Ward II
Dave Harper, Councilman Ward III
Mike Steadham, Councilman Ward III
Eugene Underwood, Councilman Ward IV
Joe Rapp, Councilman Ward IV

VISITORS: Mike Ensminger, Nicholas Chronicle
Jay Nowak, Chief of Police
Cookie Comer, Finance Director
James Corbitt, Utilities Superintendent
Mary Alice Merryman
David Merryman
Carl Lawrence
Linda L. Racer
Diane Browning
Regina Lorenzen

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 Mike Steadham.
Seconded by Eugene Underwood.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	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 October 24, 2011. Moved by Mike Steadham.
Seconded by Lisa Baker.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Council held the Second Reading, by title only, on a proposed Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance hereof and related costs. This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System. A motion was made to approve the Second Reading of the City of Summersville Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A. Moved by Lisa Baker.

Seconded by Wayne Halstead.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Mayor Shafer presented the Resolution approving invoices for the construction and other services for the Energy Efficiency and Conservation Grant for the Youth Center - HVAC Project. The invoice from Absten & Sons totals $67,750. A motion was made to approve the Resolution as presented. Moved by Wayne Halstead.

Seconded by Mike Steadham.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes

Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Mayor Shafer presented Requisition No. 39 relating to the Glade Creek Phase II-A Water Project. Stafford Consultants, Incorporated were paid $2,780 from the USDA Grant and Loan funds. The total invoice amount was $2,780. A motion was made to approve Requisition No. 39 as presented. Moved by Mike Steadham. Seconded by Eugene Underwood.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Diane Browning from Daniel Street came before Council to discuss school bus safety issues. She explained that on November 4th, a child was struck by a vehicle crossing Webster Road from Daniel Street. This is a parent's worst nightmare. She can only imagine how his parents are feeling. She noted that mornings in Summersville are very busy, we have a narrow downtown, lots of traffic, and lots of businesses. She is not sure what the City can do to run any better. She asked if the speed limit could be lowered to 25 mph throughout the City in order to better protect the children at bus stops. She also suggested better lighting at the school bus stops. She noted that there is no light at the bus stop at the Methodist Church. She thanked all the rescue personnel for their quick response that morning. She said that something has to be done to protect the children. Mayor Shafer thanked her for coming to the meeting. He advised her that she had some very valid points tonight and we are looking at ways to improve the situation. He will immediately have the Street Department to see what can be done about lighting these areas and we will also look at signage at the bus stops. He will also try again to work with the State to get the speed limit reduced. He tried to do this during his first administration and the State wanted to make a deal with the City. The State would lower the speed limit on Webster Road but they would raise the speed limit on Route 19. He refused to do that. He will contact them again. We will do everything we can as a City with everything we have to provide for the safety of these children.

Discussion was held on the General Fund Budget Revision (In House only). The budget revision proposes a decrease of $10,600 in the Fire Department Contractual Budget; a $4,400 decrease in the Fire

Department Commodities Budget and a $15,000 increase in the Fire Department Capital Outlay Budget due to the needed equipment for the new truck they purchased. The Fire Department will match this amount. The total invoice is approximately $50,000. The Fire Department will take funds from their department account to pay the balance of the equipment that they added. A motion was made to approve General Fund Budget Revision (In-House only) as presented.
Moved by Lisa Baker.
Seconded by Eugene Underwood.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Mayor Shafer noted that the Reaching the Summit Community Service Initiative Project Applications are available here at City Hall. Those are the applications that need to be submitted through the Community Service Initiative with the Summit. The deadline is March 1, 2012.

Mayor Shafer reminded everyone of the Community Thanksgiving Dinner is this Thursday, November 17, 2011 from 11:00 a.m. to 1:00 p.m.

Mayor Shafer announced that the next City Council Hospital Board Meeting is December 7, 2011 at noon.

Mayor Shafer advised Council and citizens that tomorrow, November 15, 2011 the Annual Chamber of Commerce Banquet will be held at the Arena and Conference Center at 6:00 p.m.

Councilwoman Lisa Baker asked if there had been any debriefing or committee meeting after the Block Party to discuss issues with the parking and the traffic and how to make it better next year. Mayor Shafer said that he was told by Joey Groves, Block Party Chairman, that there would be a meeting but he could not confirm if that meeting took place. However, he, the Chief and Joey did have much discussion regarding the issues of parking and the traffic. Being rookies at this and that was our major snag, and as a matter of fact, we extended the Block Party by 30 minutes so by the time we got everyone parked they had an hour for the party. We had to stop every vehicle and ask if they were going to the Block Party or to the football game. We have decided that we will not do a Block Party at the Park again on a game night. We will adjust our Block

Party to make sure it does not fall on a game night. This will alleviate that game traffic. Another thing we did in being rookies at this, we filled the front of the park in before the back of the park. This caused additional congestion. We learned from our mistakes but it still was a wonderful event and was well attended. Councilman Rapp said he talked to a few citizens that think the City should do away with the Block Party and go back to the old trick or treat (door to door). Mayor Shafer invited Councilman Rapp to be a part of the Block Party committee and he could make that recommendation. He advised that it would be up to this body. He could ask for this to be added to the agenda and Council could vote on it. Councilman Mike Steadham stated that individuals and citizens can still trick or treat where ever they wish and obviously some of them do, but when you have something that has grown into such a successful regional function; he would not be in favor of going backwards.

Councilman Eugene Underwood advised that he is a member of the Park Board and the Park Board made a decision not to put up Christmas lights this year. He did not like that. He tried to get it done and found that the lights from last year were thrown down and there was not enough time to fix them. There will be no Christmas lights up this year. Next year, he has a lady that will take care of the lights and make it bigger and better and the City and Park Board will help her.

Regina Lorenzen of Fairview Heights Road came before Council to discuss issues relating to the Brown House. She advised that the reason she is here is because she would like for them to know the truth about what is going on. About a month ago her employees came to her and said that they noticed that the Brown House was being used as a private business location. She then called the Mayor and told him that this was happening. She did an investigation herself. She then displayed an extensive list that she unrolled on the floor which she explained was a facebook feed of a person that was using the Brown House as a personal business location. Over a ten month period, each place that she has circled is a picture that was taken at the Brown House for a client by this person. She noted that the list went on and on. These are only pictures that were taken on the inside of the Brown House. There is a minimum of 51 days that this person used the Brown House as a personal business location and at least 3 days in January when the house was used for boudoir portraits which are often risqué in nature. This represents a loss to the City of thousands of dollars. She filed a freedom of information request and checked the records of the Brown House and this person has not paid a dime. She said that when she first told the Mayor about this issue, he advised her that this was the first time he had heard about this issue. She said she has information from a former City official that they informed the Mayor about this situation previously so she felt

that the Mayor had lied to her. Mayor Shafer stated that when she contracted him on October 19th, no one had ever told him about this situation. He was not aware that the Brown House was being used by anyone without paying. He also told Ms. Lorenzen that as he told her when she first contacted him, he was unaware that anyone was using the Brown House without charge. He also advised her that he took personal exception to her calling him a liar and reiterated again that he did not know that this was happening at the Brown House. He immediately opened an investigation and he sent the Chief to Ms. Lorenzen's house to talk to her and she did not turn any of this information over to him. He advised her that he does not support and has not supported people using the Brown House for profit and not paying the fee structure. After a short discussion, Mayor Shafer advised Ms. Lorenzen that this is a personnel issue and an investigation is in progress.

A motion was made to go into Executive Session at 7:30 p.m. to discuss a personnel matter. Moved by Lisa Baker.
Seconded by Amy Young.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

A motion was made to come out of Executive Session at 9:10 p.m. No action was taken during Executive Session. Moved by Mike Steadham.
Seconded by Amy Young.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

A motion was made to adjourn the meeting at 9:10 p.m. Moved by Mike Steadham.
Seconded by Wayne Halstead.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes

Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

CITY of SUMMERSVILLE

ROBERT L. SHAFER, MAYOR

Regular Meeting of Summersville City
Council held on December 12, 2011

PRESENT: Robert Shafer, Mayor
Fred Reed, Recorder
Amy Young, Councilwoman Ward I
Wayne Halstead, Councilman Ward I
Lisa Baker, Councilman Ward II
Dave Harper, Councilman Ward III
Mike Steadham, Councilman Ward III
Eugene Underwood, Councilman Ward IV
Joe Rapp, Councilman Ward IV

VISITORS: Ray Corbin, Nicholas Chronicle
Jay Nowak, Chief of Police
Cookie Comer, Finance Director
Alice King, Region 4 PDC
Ed Shutt, Stafford Consultants
Lenny Henning, Salvation Army
Brad Dorsey
Debbie Hill, CEO, SRMC
Peg Callaghan, SRMC Board of Trustees

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 Eugene Underwood.
Seconded by Joe Rapp.
The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	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 November 28, 2011. Moved by Mike Steadham.
Seconded by Eugene Underwood.
The vote was as follows:

Amy Young	Yes

Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Mayor Shafer asked for a motion to convene the Public Hearing. The hearing is to receive citizen comment regarding the proposed Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority) dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance and related costs. This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System. A motion was made to convene the Public Hearing at 7:03 p.m. Moved by Mike Steadham.

Seconded by Wayne Halstead.

The vote was as follows:

Wayne Halstead	Yes
Amy Young	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present. Mayor Shafer noted that proper advertising for the Public Hearing had been made in the local newspaper. He asked if there was anyone present that would like to provide comments on this project. There were no comments from the public. A motion was made to close the Public Hearing at 7:04 p.m. Moved by Mike Steadham.

Seconded by Wayne Halstead.

The vote was as follows:

Wayne Halstead	Yes
Amy Young	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Council held the Third Reading and adoption on a proposed Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (the "Bonds"). The proceeds of the Bonds will be used (i) to pay the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000; and (ii) to pay certain costs of issuance hereof and related costs. This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System. A motion was made to approve the Third Reading and adoption of the City of Summersville Bond Ordinance providing for the issuance of its Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A. Moved by Mike Steadham.

Seconded by Joe Rapp.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Alice King presented Requisition #41 relating to the Glade Creek Phase II-A Water Project. Stafford Consultants were paid $1,400.00 from USDA Grant and Loan funds and Region 4 Planning and Development Council was paid $1,312.76 from IJDC Grant funds. The total invoice amount was $2,712.76. A motion was made to approve Requisition #2 (Phase II-A) as presented. Moved by Mike Steadham.

Seconded by Amy Young.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Alice King presented Requisition #3 relating to the Glade Creek Phase II-B Water Project. Stafford Consultants, Incorporated were paid $24,000.00 from United Bank (Preliminary Design). The total invoice amount was $24,000.00. A motion was made to approve Requisition #3 for Phase II-B as presented. Moved by Lisa Baker.

Seconded by Eugene Underwood.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Ed Shutt provided an update on the Glade Creek Phase II-A and II-B Water Projects. On Contract II-A, we finished the Hookersville Change Order. The bore under US Rt. 19 has been completed. The contractor will return to the job site today to start laying the pipe up Spruce Run. Weather permitting; we expect to have water service to the 12 customers in approximately two months. We will not be able to do all the reclamation work due to the weather. Contract II-B is the Muddlety Valley area. Contracts 4A and 5B (Wurth area) runs along Rt. 55 and the Persinger area runs along Rt. 55. We delivered the Preliminary Phase documents to the City today. The Right-of-Way plans will be turned over to the City Attorney to secure voluntary easements in that area. The plan is to try to have 100% of the voluntary easements by March 30th. In addition, we expect to start working on the permits right after the first of the year for the Highway Department, Health Department, Public Lands, Corps of Engineers and Storm Water Run-off permit. We expect to have these submitted no later than March 30th along with the final plans. We have discussed getting the remaining Environmental clearances by that time as well. By the middle of April, we want to have the project in a "readiness to proceed" state and go back to Infrastructure Council and try to get some binding commitment letters. James will do the qualification of areas for the Small Cities Block Grant process. James will probably do some additional water sampling in the area to strengthen the application as we go forward. Mayor Shafer noted that if the City qualifies for a Small City Block Grant, which if we don't then we will have to find some alternative funding for the project to probably make it viable without Small Cities. If we qualify for Small Cities, today 2012 money was given out, obviously we are not anywhere in stage to be in line to actually receive Small Cities next year. If we do meet the qualifications, our application will be in this year and those funding announcements will probably be made in the fall of 2012. This means that the projects will probably be more viable for ground breaking in 2013. This would be the final phase and would serve 94 additional customers. Paddy Run would be the last qualifier for AML funds. Mr. Shutt advised that if there is a public meeting the citizens need to show up and explain what their need is and how bad the water is. Lack of support at a public meeting sometimes

indicates that there is no support for the project. Mayor Shafer stated, for the record, that there has been no customer served by our water service that has not been approved by this body.

Mayor Shafer welcomed Lenny Henning with the Salvation Army. Mr. Henning thanked Council for allowing him to be here and he wanted to take the opportunity to thank the City Council and all the City employees for the support that the Salvation Army receives throughout the year. As the Salvation Army representative, he wanted to especially thank the Mayor and all the City employees for their support of the red kettle drive in honor of James "Squirrel" Shafer. He also thanked the City for all their efforts on Saturday for ringing the bells at Wal-Mart like the City employees do every year. He stated that the Mayor asked what the outcome was. He advised that there are no losers although the Rotary Club did better this year than the City. There are no losers, the real winners are the needy of this community. He said he had the opportunity to speak to a lot of Salvation officers throughout the Maryland and West Virginia Division and they always ask how you get those people to do that. He told them that it is simple, he just picks up the phone and makes a call and they come and ring the bells. The other officers are amazed. So, again thank you for all your support, not just at Christmas time, but all year long. He said he loves this City. He wished everyone a joyous and blessed holiday. Mayor Shafer said, on behalf of Council and himself, he would like to thank Lenny and his wife for everything that they do. An organization is as strong as their leader and our community is blessed to have you. Mayor Shafer took the time to congratulate the Rotary Club for the great job they did ringing the bells and for all that they do throughout the year.

Discussion was held on the recommendation from SRMC Board of Trustees to reappoint Brad Dorsey to a three year term. Mr. Dorsey said it had been a privilege to serve on the Board the past three years. He advised that he is looking forward to serving our community another three years if given that opportunity. He stated that right now is a very important time for the Hospital and he would like to be a part of making our Hospital succeed in this community. He stated that it was very important to him to have quality health care in our area. The Hospital is the employer for a large percentage of our population. Recorder Fred Reed said that there is a lot of work that needs to be done on the payables and receivables. Mr. Dorsey said that was correct. Recorder Reed stated that what they need is a commitment from Mr. Dorsey that he will work diligently to reduce the payable side and the receivable side. This is something that has to be done. Mr. Dorsey advised that he is committed to helping in this process. A motion was made to approve the recommendation from the SRMC Board of Trustees to reappoint Brad Dorsey to a three year term ending 12/31/11. Moved by Lisa Baker.

Seconded by Wayne Halstead.

The vote was as follows:

Amy Young	No
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried with seven voting in favor of the motion and one voting against the motion.

A motion was made to approve the Resolution authorizing adoption of the plan restatement of the City of Summersville Section 457(b) Deferred Compensation Plan. Changes to amend the plan were made in accordance with recent federal law legislation. Moved by Lisa Baker.

Seconded by Eugene Underwood.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

A motion was made to cancel the Council Meeting scheduled on December 26, 2011. Christmas is on Sunday, the 25th with the legal Christmas Holiday being observed on December 26th. Moved by Wayne Halstead.

Seconded by Lisa Baker.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Discussion was held on General Fund Budget Revision #3. Mayor Shafer advised that Fred Williams completed and submitted grants and has secured an additional $11,000 for the Forestry Council. The $11,000 increase in the State Government Grants passes

directly through to the Forestry Council Contractual Budget. A motion was made to approve General Fund Budget Revision #3 as presented. Moved by Mike Steadham.

Seconded by Wayne Halstead.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

A motion was made to approve the Coal Severance Fund Budget Revision #2. Mayor Shafer advised that when the previous Council set the Coal Severance Budget, it was split between public safety and capital projects. Then we approved buying one of the police cruisers out of the coal severance monies and the total cost was $32,716.73. This was approved out of public safety, but it could have been split and taken some out of capital projects but it was decided to leave it all under public safety. We are asking to move $3,000 from capital projects over to public safety. Moved by Mike Steadham.

Seconded by Dave Harper.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	Yes

The motion carried by unanimous vote of all members present.

Recorder Fred Reed announced that the State Building Codes has changed, the City is operating under the 2006 building code and the 2009 and the 2012 just came out. We are in the process of doing an ordinance to update this and we are trying to get it to a point where we do not have to do a new ordinance every three years. We want an ordinance that will update our ordinance to conform to the State's adoption of the Building Codes.

Mayor Shafer thanked all of the City employees for their decorating efforts in the City and a very successful Christmas parade and all the activities associated with the parade. He also thanked City employees and Council members that came out and rang the bells for the Salvation Army. Mayor Shafer received a thank

you note from the Day Reporting Center thanking him and the City employees that helped the Day Reporting Center with a project for the Sheriff at the old State Road Garage. Mayor Shafer thanked James Corbitt and Joey Seabolt for assisting with this project.

Councilman Joe Rapp asked if the City could help get a roof on the old State Road building. They keep putting more cinder blocks on the roof and we have all our machinery in there. Mayor Shafer explained that we are actually under review right now with the State because, in essence, they have taken 50% of the control of that building back. They had an estimate for repairs or replacement of the roof which was very costly and they have elected not to replace the roof. It is a State structure that we are sharing jointly with them. The State had it inspected and it is not a hazard and for the most part there is very little leakage. We are currently negotiating the terms for our occupancy in that building. We are in that building without a lease. The State has been very cooperative in working with us.

Mayor Shafer said on behalf of the City of Summersville, Council and Mayor, he would like to wish all citizens a very Merry Christmas and a happy new year.

A motion was made to adjourn the meeting at 7:35 p.m. Moved by Mike Steadham.

Seconded by Wayne Halstead.

The vote was as follows:

Amy Young	Yes
Wayne Halstead	Yes
Lisa Baker	Yes
Dave Harper	Yes
Mike Steadham	Yes
Eugene Underwood	Yes
Joe Rapp	Yes
Fred Reed	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 PLLC, 400 White Oaks Blvd., Bridgeport, WV 26330: **NOTICE OF PUBLIC HEARING ON THE TOWN OF SUMMERSVILLE BOND ORDINANCE** appeared in said newspaper for 2 weeks, on the 1st day of December, 2011 and on the 8th day of December, 2011.

Given under my hand this 8th day of December, 2011.

By Raymond W. Corbin, News Editor.

Fee for publication:

660 words @ $.12 per word, $79.20 for the first publication; 75% of first publication $59.40 for all subsequent publications; for a total cost of $138.60.

The foregoing instrument was acknowledged before me this the 8th day of December, 2011.

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

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, December 12, 2011, 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 PAYING THE COMBINED WATERWORKS AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 2009 A 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 $1,158,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2012 A (WEST VIRGINIA INFRASTRUCTURE FUND), 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 A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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 the Issuer's Combined Waterworks and Sewerage System Bond Anticipation Note, Series 2009 A (West Virginia Water Development Authority), dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000, and (ii) to pay certain costs of issuance hereof and related costs. The Bonds are payable from the revenues to be derived from the operation of the System 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 November 14, 2011. 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

12/1, 12/8 2t

WV MUNICIPAL BOND COMMISSION
1207 Quarrier Street
Suite 401
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 2-Apr-12

ISSUE: Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

ADDRESS: 400 North Broad Street, Summersville, WV 26651 COUNTY: Nicholas

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 2-Apr-12 CLOSING DATE: 2-Apr-12

ISSUE AMOUNT: $1,128,609 RATE: 1.0%

1ST DEBT SERVICE DUE: 1-Sep-12 1ST PRINCIPAL DUE: 1-Sep-12

1ST DEBT SERVICE AMOUNT $8,610.52* PAYING AGENT: Issuer
***see DSS**

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: 304.353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly PLLC
Contact: Samme Gee, Esquire
Phone: 304.340.1318

CLOSING BANK:
Bank: BB&T
Contact: Tim Frantz
Phone: 304-872-3131

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Robert L. Shafer
Position: Mayor
Phone: 304.872.1211

OTHER:
Agency: West Virginia Infrastructure and Jobs Development Council
Contact: Jim Ellars
Position: Executive Director
Phone: 304.414.6501

DEPOSITS TO MBC AT CLOSE

By:				
x	Wire		Accrued Interest:	$
	Check		Capitalized Interest:	$
			Reserve Account:	$
		x	Other: Series 2009 B/	$ $1,112,059.00

REFUNDS & TRANSFERS BY MBC AT CLOSE

By:				
	Wire		To Escrow Trustee	$
	Check		To Issuer	$
	IGT		To Cons. Invest. Fun	$
			To Other:	$

NOTES: The Series 2012 A Bonds Reserve Account will be funded over 10 years.

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

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Branch Banking & Trust Company, Summersville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Summersville (the "Issuer") enacted by the Council of the Issuer on December 12, 2011, and a Supplemental Resolution of the Issuer adopted by the Council of the Issuer on March 26, 2012 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated April 2, 2012, in the principal amount of $1,128,609 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 2nd day of April, 2012.

BRANCH BANKING & TRUST COMPANY

Authorized Officer

878730.00009

5825180

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated April 2, 2012, in the principal amount of $1,128,609 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 2nd day of April, 2012.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

878730.00009

5825179

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Town of Summersville (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Town of Summersville Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated April 2, 2012, in the principal amount of $1,128,609, numbered AR-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 2nd day of April, 2012.

THE HUNTINGTON NATIONAL BANK

By:_____
Its: Authorized Officer

878730.00009

5825177

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 2nd day of April, 2012, by and between the TOWN OF SUMMERSVILLE, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,128,609 principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund), dated the date hereof, in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted December 12, 2011, and a Supplemental Resolution of the Issuer duly adopted March 26, 2012 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Summersville
400 North Broad Street
Summersville, West Virginia 26651
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

9. 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 Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first written above.

TOWN OF SUMMERSVILLE

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

878730.00009

5825166

EXHIBIT A

Included in transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(see attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 25301

STATEMENT OF REGISTRAR'S FEES
Invoice Date April 2, 2012

Town of Summersville
Account Number 6089001809

Town of Summersville
Combined Waterworks and Sewerage
System Revenue Bonds, Series 2012 A
c/o Katy Mallory
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT
****
FEE CALCULATION FOR April, 2012
****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

SUMME-4 OP ID: AH

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 06/28/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Commercial Insurance Services
340 MacCorkle Ave. Ste #200
Charleston, WV 25314
Trip King

304-345-8000
304-345-8014

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A : OneBeacon America Insurance Co	
INSURER B :	
INSURER C :	
INSURER D :	
INSURER E :	
INSURER F :	

INSURED
City of Summersville
Susan Brown
P. O. Box 525
Summersville, WV 26651

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC			791-000-430	07/01/11	07/01/12	EACH OCCURRENCE	$	1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$	500,000
							MED EXP (Any one person)	$	N/A
							PERSONAL & ADV INJURY	$	1,000,000
							GENERAL AGGREGATE	$	5,000,000
							PRODUCTS - COMP/OP AGG	$	5,000,000
							Emp Ben.	$	1,000,000
A	AUTOMOBILE LIABILITY X ANY AUTO X ALL OWNED AUTOS X HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS			791-000-430	07/01/11	07/01/12	COMBINED SINGLE LIMIT (Ea accident)	$	1,000,000
							BODILY INJURY (Per person)	$	
							BODILY INJURY (Per accident)	$	
							PROPERTY DAMAGE (Per accident)	$	
								$	
A	UMBRELLA LIAB X OCCUR X EXCESS LIAB CLAIMS-MADE DED X RETENTION $ 0			791-000-430	07/01/11	07/01/12	EACH OCCURRENCE	$	4,000,000
							AGGREGATE	$	4,000,000
								$	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					WC STATU-TORY LIMITS OTH-ER		
							E.L. EACH ACCIDENT	$	
							E.L. DISEASE - EA EMPLOYEE	$	
							E.L. DISEASE - POLICY LIMIT	$	
A	Property Section			791-000-430	07/01/11	07/01/12	Building		2,318,549
							Contents		1,622,984

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
Certificate holder is named as mortgagee as respects the Water Plant@507 Gauley River Road with Building limit of $2,318,549 and Contents of $1,622,984 subject to $1,000 deductible.

CERTIFICATE HOLDER

WVWDCHA

WV Water Development Authority
180 Association Drive
Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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The ACORD name and logo are registered marks of ACORD

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

September 19, 2003

RECEIVED
SEP 22 2003
STAFFORD CONSULTANTS

Mr. Scott Pierson, President
Pipe Plus, Inc.
7010 MacCorkle Ave., SW
St. Albans, WV 25177

Re: **Summersville Water Contract 1**
Definitive Certificate of Substantial Completion

Dear Mr. Pierson:

Transmitted herewith is one fully executed copy of the above referenced certificate for the potable waterlines on Contract One.

Thank you for your assistance. Please let me know if you have any questions.

Sincerely,

Lisa Baker

Lisa Baker
Project Administrator

Enclosure

CC: Ed Shutt, P.E. (with enclosure)
Public Service Commission (with enclosure)
Katy Mallory, P.E. (with enclosure)
Walt Ivey, P.E. (with enclosure)
Megan Coll, P.E. (with enclosure)

DEFINITIVE

CERTIFICATE OF SUBSTANTIAL COMPLETION

DATE OF ISSUANCE September 3, 2003

OWNER City of Summersville
CONTRACTOR Pipe Plus, Inc.
Contract: Contract 1 - EDA 01-01-3830
Project: City of Summersville Waterline

OWNER's Contract No. 1 ENGINEER's Project No. 95-6355.17

This Certificate of Substantial Completion applies to all Work under the Contract Documents or to the following specified parts thereof:

All of potable waterline on Contract. Raw waterline is excluded.

To City of Summersville
OWNER

And To Pipe Plus, Inc.
CONTRACTOR

The Work to which this Certificate applies has been inspected by authorized representatives of OWNER, CONTRACTOR and ENGINEER, and that Work is hereby declared to be substantially complete in accordance with the Contract Documents.

July 17, 2003
DATE OF SUBSTANTIAL COMPLETION

A tentative list of items to be completed or corrected is attached hereto. This list may not be all-inclusive, and the failure to include an item in it does not alter the responsibility of CONTRACTOR to complete all the Work in accordance with the Contract Documents. The items in the tentative list shall be completed or corrected by CONTRACTOR by September 30, 2003.

EJCDC No. 1910-8-D (1996 Edition)
Prepared by the Engineers' Joint Contract Documents Committee and endorsed by The Associated General Contractors of America and the Construction Specifications Institute.

The responsibilities between OWNER and CONTRACTOR for security, operation, safety, maintenance, heat, utilities, insurance and warranties and guarantees shall be as follows:

OWNER: Responsible operation, maintenance, and insurance. City of Summersville shall secure and provide the Contractor written evidence of insurance.

CONTRACTOR: Responsible for security, safety during closeout work, insurance and warranty work.

The following documents are attached to and made a part of this Certificate:

Substantial Completion Tentative List dated July 17, 2003
Bacteriological Test Reports

This certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of CONTRACTOR's obligation to complete the Work in accordance with the Contract Documents.

Executed by ENGINEER on September 3, 2003
Date

STAFFORD CONSULTANTS, INC.
ENGINEER

By _____
(Authorized Signature)

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

CONTRACTOR accepts this Certificate of Substantial Completion on 9-9-03
Date

PIPE PLUS, INCORPORATED
CONTRACTOR

By _____
(Authorized Signature)

OWNER accepts this Certificate of Substantial Completion on 9-17-03
Date

CITY OF SUMMERSVILLE
OWNER

By _____
(Authorized Signature)

STAFFORD CONSULTANTS INCORPORATED

Engineering, Design, and Consulting
Planning and Environmental Services

	JGS		JRS
	ELS		GJS
	JRG		HB
	KRC		
	CDH		

February 18, 2004

File: 95-6355.17

Mr. Jerry Morris
Mid Atlantic Storage Systems, Inc.
1551 Robinson Road
Washington Court House, Ohio 43160

Dear Mr. Morris:

RE: City of Summersville
Waterline Project
Contract No. 2B
Notice of Acceptability

Enclosed is the Notice of Acceptability of Work for the City of Summersville Contract No. 2B.

Sincerely,

Edward L. Shutt, P.E.
Vice President

ELS/hb
Enclosures
cc: Lisa Baker
Katy Mallory, P.E.
Walt Ivey, P.E.
Megan Coll, P.E.

1105 Mercer Street • Post Office Box 5849 • Princeton, West Virginia 24740
Telephone (304) 425-9555 • Fax (304) 425-9557

NOTICE OF ACCEPTABILITY OF WORK

PROJECT: CITY OF SUMMERSVILLE – CONTRACT 2B
EDA 01-01-3830

OWNER: CITY OF SUMMERSVILLE

CONSTRUCTION Contract Identification: CONTRACT 2B
EDA 01-01-3830

AGENCY: West Virginia Infrastructure and Jobs Development Council
Drinking Water Treatment revolving Fund
U. S. Economic Development Administration

CONTRACTOR: Mid Atlantic Storage Systems, Inc.

EFFECTIVE DATE OF THE CONSTRUCTION AGREEMENT: December 19, 2002

ENGINEER: Stafford Consultants, Inc.

To:	City of Summersville	OWNER
And To:	West Virginia Infrastructure and Jobs Development Council Drinking Water Treatment revolving Fund U. S. Economic Development Administration	AGENCY
And To:	Mid Atlantic Storage Systems, Inc.	CONTRACTOR

The undersigned hereby gives notice to the above OWNER, AGENCY, and CONTRACTOR that the completed Work furnished and performed by CONTRACTOR under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents and the terms and conditions set forth on the reverse side hereof:

Edward L. Shutt

By: Edward L. Shutt, P.E.

Title: Vice President

Dated: February 18, 2004

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work (Notice) on the front side of this sheet is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.

2. Said Notice reflects and is an expression of the professional judgment of ENGINEER.

3. Said Notice is given as to the best of ENGINEER's knowledge, information and belief as of the date hereof.

4. Said Notice is based entirely on and expressly limited by the scope of services ENGINEER has been employed by OWNER to perform or furnish during construction of the Project (including observation of Contractor's Work) under ENGINEER's Agreement with OWNER and under the Contract referenced on the reverse hereof, and applies only to facts that are within ENGINEER's knowledge or could reasonably have been ascertained by ENGINEER as a result of carrying out the responsibilities specifically assigned to ENGINEER under ENGINEER's Agreement with OWNER and the Contract referenced on the reverse hereof.

   Said Notice is not a guarantee or warranty of CONTRACTOR's performance under the Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of CONTRACTOR to furnish and perform the Work thereunder in accordance with the Contract Documents.

STAFFORD
CONSULTANTS
INCORPORATED

Engineering, Design, and Consulting
Planning and Environmental Services

FAX SENT TO BAKER ON 8/31/04
ORIGINAL WILL BE MAILED

August 31, 2004

File: 95-6355.17/B

Mr. Tim Hayslett
Hayslett Construction Company
3707 Teays Valley Road
P.O. Box 447
Hurricane, WV 25526

Dear Mr. Hayslett:

RE: City of Summersville - Contract 3A
Waterline Project
Notice of Acceptability

Enclosed is the Notice of Acceptability of Work for the City of Summersville Contract No. 3A.

Please note that several warranty related issues have surfaced that need attention. These have previously been brought to the attention of James Hayslett.

Normally, I would have waited for correction of these warranty items; however, to closeout the EDA grant I believe issuance of the Notice of Acceptability is required.

The plant has been used for its intended purpose since August 12, 2004.

If you have any questions, please let me know.

Sincerely,

Edward L. Shutt, P.E.
Vice President

ELS/cld
Enclosure
cc: Lisa Baker, w/enclosure
Katy Mallory, P.E., w/enclosure
Walt Ivey, P.E., w/enclosure
Megan Coll, P.E., w/enclosure
Sid Burns, w/enclosure
Stanley Adkins, w/enclosure
Jeff Asbury, w/enclosure
Steve Acree, w/enclosure
James Corbitt, w/enclosure

1105 Mercer Street • Post Office Box 5849 • Princeton, West Virginia 24740
Telephone (304) 425-9555 • Fax (304) 425-9557

NOTICE OF ACCEPTABILITY OF WORK

PROJECT: City of Summersville Regional Water Project – CONTRACT 3A
EDA 01-01-3830

OWNER: CITY OF SUMMERSVILLE

CONSTRUCTION Contract Identification: Contract 3A
EDA 01-01-3830

AGENCIES: West Virginia Infrastructure and Jobs Development Council
Drinking Water Treatment Revolving Fund
U.S. Economic Development Administration

CONTRACTOR: Hayslett Construction Company, Incorporated

EFFECTIVE DATE OF THE CONSTRUCTION AGREEMENT: December 19, 2002

ENGINEER: Stafford Consultants, Incorporated

To:	City of Summersville	OWNER
And To:	WV Infrastructure and Jobs Development Council Drinking Water Treatment Revolving Fund U.S. Economic Development Administration	AGENCIES
And To:	Hayslett Construction Company, Incorporated	CONTRACTOR

The undersigned hereby gives notice to the above OWNER, AGENCIES, and CONTRACTOR that the completed Work furnished and performed by CONTRACTOR under the above Contract is acceptable, expressly subject to the provisions of the related Contract Documents and the terms and conditions set forth on the reverse side hereof:

By: _____
Edward L. Shutt, P.E.

Title: Vice President

Dated: August 31, 2004

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

CONDITIONS OF NOTICE OF ACCEPTABILITY OF WORK

The Notice of Acceptability of Work (Notice) on the front side of this sheet is expressly made subject to the following terms and conditions to which all persons who receive said Notice and rely thereon agree:

1. Said Notice is given with the skill and care ordinarily used by members of the engineering profession practicing under similar conditions at the same time and in the same locality.

2. Said Notice reflects and is an expression of the professional judgment of ENGINEER.

3. Said Notice is given as to the best of ENGINEER's knowledge, information and belief as of the date hereof.

4. Said Notice is based entirely on and expressly limited by the scope of services ENGINEER has been employed by OWNER to perform or furnish during construction of the Project (including observation of Contractor's Work) under ENGINEER's Agreement with OWNER and under the Contract referenced on the reverse hereof, and applies only to facts that are within ENGINEER's knowledge or could reasonably have been ascertained by ENGINEER as a result of carrying out the responsibilities specifically assigned to ENGINEER under ENGINEER's Agreement with OWNER and the Contract referenced on the reverse hereof.

   Said Notice is not a guarantee or warranty of CONTRACTOR's performance under the Contract referenced on the reverse hereof nor an assumption of responsibility for any failure of CONTRACTOR to furnish and perform the Work thereunder in accordance with the Contract Documents.

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

RECEIVED
SEP 28 2004
STAFFORD CONSULTANTS

September 27, 2004

Mr. Doug Banks, Project Manager
North American Drillers, Inc.
70 Gum Springs Road
Morgantown, WV 26508

Re: EDA Project # 01-01-03830
IJDC Project # 98W-412
Summersville Contract 3B
Definitive Certificate of Substantial Completion

Dear Mr. Banks:

Transmitted herewith is one copy of the fully executed Definitive Certificate of Substantial Completion for Contract 3B.

Please call me if you have any questions.

Sincerely,

Lisa Baker

Lisa Baker
Project Administrator

Enclosure

CC: Stafford Consultants, Inc.
Megan Coll, P.E.
Katy Mallory, P.E.
Walt Ivey, P.E.

DEFINITIVE

CERTIFICATE OF SUBSTANTIAL COMPLETION

DATE OF ISSUANCE September 7 2004

OWNER City of Summersville
CONTRACTOR North American Drillers, Incorporated
Contract: Contract No. 3B EDA 01-01-3830
Project: City of Summersville Regional Water Project

OWNER'S Contract No. 3B ENGINEER'S Project No. 95-6355.17

This Certificate of Substantial Completion applies to all Work under the Contract Documents or to the following specified parts thereof:

All of Contract 3B including Change Order Nos. 1-8.

To **CITY OF SUMMERSVILLE**
OWNER

And To **NORTH AMERICAN DRILLERS, INCORPORATED**
CONTRACTOR

The Work to which this Certificate applies has been inspected by authorized representatives of OWNER, CONTRACTOR and ENGINEER, and that Work is hereby declared to be substantially complete in accordance with the Contract Documents.

August 12, 2004
DATE OF SUBSTANTIAL COMPLETION

A tentative list of items to be completed or corrected is attached hereto. This list may not be all-inclusive, and the failure to include an item in it does not alter the responsibility of CONTRACTOR to complete all the Work in accordance with the Contract Documents. The items in the tentative list shall be completed or corrected by CONTRACTOR by September 30, 2004.

EJCDC No. 1910-8-D (1996 Edition)
Prepared by the Engineers' Joint Contract Documents Committee and endorsed by The Associated General Contractors of America and the Construction Specifications Institute.

The responsibilities between OWNER and CONTRACTOR for security, operation, safety, maintenance, heat, utilities, insurance and warranties and guarantees shall be as follows:

OWNER: Responsible for operation, maintenance and insurance. City of Summersville shall secure and provide the Contractor written evidence of insurance.

CONTRACTOR: Responsible for security, safety during closeout work, insurance and warranty work.

The following documents are attached to and made a part of this Certificate:

Substantial Completion Tentative List dated August 12, 2004.

This certificate does not constitute an acceptance of Work not in accordance with the Contract Documents nor is it a release of CONTRACTOR'S obligation to complete the Work in accordance with the Contract Documents.

Executed by ENGINEER on September 7, 2004
Date

STAFFORD CONSULTANTS, INCORPORATED
ENGINEER

By
(Authorized Signature)

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

CONTRACTOR accepts this Certificate of Substantial Completion on SEPTEMBER 15, 2004
Date

NORTH AMERICAN DRILLERS, INCORPORATED
CONTRACTOR

By
(Authorized Signature)

OWNER accepts this Certificate of Substantial Completion on September 22, 2004
Date

CITY OF SUMMERSVILLE
OWNER

By
(Authorized Signature)

By Lisa Baker
(Authorized Signature)

CITY OF SUMMERSVILLE

CONTRACT 3B

EDA 01-01-3830

SUBSTANTIAL COMPLETION INSPECTION

AUGUST 12, 2004

ATTENDEES:

Melissa Haire	North American Drillers, Inc.
James Corbitt	City of Summersville
Steve Acree	City of Summersville
Lisa Baker	City of Summersville
Sid Burns	Stafford Consultants, Inc.
Edward L. Shutt, P.E.	Stafford Consultants, Inc.
John P. Stafford, P.E.	Stafford Consultants, Inc.

STATUS REPORT - TENTATIVE LIST OF ITEMS TO BE COMPLETED

1. Seed and mulch all disturbed areas along access road.
2. Install riprap at first cross-drain going down road.
3. Add additional stone along access road where directed as needed.
4. Complete work on access road at intake site and to Gates property.
5. ** Complete installation of chain link fence around intake building.
6. Reclaim, seed and mulch areas at intake site.
7. Reclaim ditch line where 16-inch DIP raw waterline was installed.
8. Reclaim, seed and mulch area at the lake shaft site and obtain approval form Corps of Engineers.
9. ** Complete valve stem installations.
10. Clean building floor with a power washer.
11. Clean and seal all concrete control joints inside building.
12. ** Complete garage door installation with a lock on bottom of door and chain.
13. Repaint areas of doors that have been damaged.
14. ** Complete installation of roof hatch.
15. Paint all piping inside building.
16. Repaint damaged areas of building frame.
17. Clean interior walls of building.
18. ** Install louvers and exhaust fan for building. Complete electrical work for these units.
19. ** Seed and mulch all temporary storage areas and obtain a written release from Tom and Carla Gates.
20. Install farm gate at approximate station 55+50 on access road.
21. Replace missing farm fence at approximate station 55+50 on access road.
22. Regrade two areas along access road that have slipped and are blocking ditch. Reseed and mulch the disturbed areas.
23. ** Provide typewritten circuit breaker labels in Panels H.P. and L.P.

24. ** Repair emergency lights on North and South doors.
25. ** Install additional pipe bracing on pump discharge piping **as change order work.**
26. Replace damaged top panel on motor control center.
27. ** Repaint door on motor control center for pumps 1 and 2.
28. ** Clean motor control center.
29. ** Repair latch on door of motor control center for pump no. 3.
30. ** Verify requirement for door closures on doors.
31. Grind and remove rough and rust areas on building door, reprime and paint.
32. Paint all piping and pump support after applying rust inhibitor.
33. Install safety screens on all pumps.
34. Provide touch-up paint on damaged areas on air tank.
35. Provide trim around garage door.
36. Provide operator training on raw water pumps.
37. ** Provide operator training on air burst system.
38. ** Provide operator training on all check valves and provide final adjustment on opening and closing.
39. Provide marked up record drawings.

** Incomplete items as of August 27, 2004.

GENERAL

1. City shall secure written release from West Virginia Tax Department and Workers Compensation Fund.
2. Provide stable stand of grass in all disturbed areas.
3. Provide release of liens required for release of final payment.
4. Provide all certified payrolls to City of Summersville.
5. Provide Consent of Surety for Final Payment.
6. City of Summersville shall secure written release West Virginia Tax Department prior to release of final payment.
7. Resubmit Operation and Maintenance Manuals once mark-ups are received from Stafford Consultants, Inc.
8. **Provide summary of all specification required field services and copy of field service reports. Provide all field services that have not been provided to date.**
9. Complete bubbler systems at raw water intake.

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

Prepared by Edward L. Shutt, P.E.

TOWN OF SUMMERSVILLE

Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

RECEIPT AND RELEASE

West Virginia Municipal Bond Commission, as Paying Agent of the Town of Summersville's Combined Waterworks and Sewerage System Design Bond Anticipation Notes, Series 2009 A, dated March 3, 2009, issued in the original aggregate principal amount of $1,110,000 (the "Prior Notes") hereby certifies that it has received the sum of $1,112,059, from the Town of Summersville and that such sum is sufficient to pay the entire principal amount of and interest accrued on the Prior Notes to the date hereof and discharge the liens, pledges and encumbrances securing the Prior Notes.

Dated this 2nd day of April, 2012.

WEST VIRGINIA MUNICIPAL
BOND COMMISSION

By:_____
Its: Authorized Officer

878730.00009

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: **April 2, 2012**

Re: **Town of Summersville**
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

---

1. DISBURSEMENTS TO THE TOWN OF SUMMERSVILLE

Payor:	West Virginia Infrastructure & Jobs Development Council
Amount:	$16,550.00
Form:	Wire
Payee:	Town of Summersville, 400 North Broad Street, West Virginia 26651
Bank:	Branch Banking and Trust
Routing No.	051503394
Account No.	5272323579
Contact:	Tim Frantz, 304.872.3131
Account:	Series 2012 A Bonds Trust Fund

2. DISBURSEMENTS TO MUNICIPAL BOND COMMISSION

A.

Payor:	West Virginia Infrastructure & Jobs Development Council
Amount:	$1,112,059
Form:	Wire
Payee:	Town of Summersville, 400 North Broad Street, West Virginia 26651
Bank:	Branch Banking and Trust for benefit of Municipal Bond Commission
Routing No.	051503394
Account No.	5270517317
Contact:	Sara Boardman, 304.558.3971
Purpose:	Pay Combined Waterworks and Sewerage System Design Bond Anticipation Notes, Series 2009 A

Town of Summersville
98W-412

Draw No. 1

RESOLUTION OF THE TOWN OF SUMMERSVILLE APPROVING INVOICES RELATING TO PAYMENT OF SERIES 2009 A BAN AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Town of Summersville has reviewed the invoices attached hereto and incorporated herein by reference relation to the payment of the Series 2009 BAN funded by the WV Infrastructure & Jobs Development Council (IJDC) and find as follows:

a) That none of the items for which payment is proposed to be made has been paid from another funding source.

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 the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The Town of Summersville by as follows: There is hereby authorized and directed the payment of the attached invoices listed below:

Vendor	Total	IJDC
Steptoe & Johnson	15,000.00	15,000.00
Huntington Bank	500.00	500.00
Griffith & Associates	1,050.00	1,050.00
Municipal Bond Commission (Pay 2009 BAN)	1,112,059.00	1,112,059.00
TOTAL	1,128,609.00	1,128,609.00

ADOPTED BY the Town of Summersville, at the meeting held on the 26th day of March, 2012.

By: Robert T. Shaf
Its: Mayor

SWEEP RESOLUTION

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 monthly debt service payments on 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 find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer from the accounts set forth in Exhibit A 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 26th day of March, 2012.

Mayor

Recorder

WEST VIRGINIA
Water Development Authority
Celebrating 36 Years of Service ***1974 - 2012***

April 2, 2012

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Griffith & Associates, an independent certified public accountant, and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds hereinafter defined and described, hereby consents to (i) the issuance of the Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of $1,128,609 by the Town of Summersville (the "Issuer"), under the terms of the bond ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (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) Water and Sewer 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) Water and Sewer 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) Water and Sewer 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) Water and Sewer Revenue Bonds, Series 1991 B (West Virginia Water Development Authority), dated August 13, 1991, issued in the original aggregate principal amount of $35,671 (the "Series 1991 B Bonds"); and (2) Water and Sewer 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 herein collectively called the "Prior Bonds."

Sheila A. Miller
Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

United States Department of Agriculture
Rural Development
West Virginia State Office

April 2, 2012

Town of Summersville
Combined Waterworks and Sewerage System Revenue Bonds, Series 2012 A
(West Virginia Infrastructure Fund)

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 2012 A (West Virginia Infrastructure Fund) (the "Series 2012 A Bonds"), in the original aggregate principal amount of $1,128,609, by the Town of Summersville (the "Issuer"), under the terms of the bond ordinance authorizing the issuance of the Series 2012 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding: (1) Waterworks and Sewerage 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"); (2) Combined Waterworks and Sewerage System 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"); and (3) Combined Waterworks and Sewerage System 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 "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
304.284.4860 • 1.800.295.8228 • 304.284-4893 • TTY/TDD 304.284.4836 • Web: http://www.rurdev.usda.gov

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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.)

Date of Issuance/Mgr.	Original Principal Amount	Currently Outstanding Principal
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

(H) The Farmers Home Administration, United States Department of Agriculture has given its written consent to the Town to issue its Series 1977 Bond.

(I) 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 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 [illegible]

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 Code of Virginia 1966 (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:

G. Dale Barker
(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. Moneysin 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~~ newspaper 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]

[illegible] of this ordinance [illegible]

Section [illegible]. [illegible]

[illegible] that all acts, conditions, things and [illegible] [illegible] to happen, to be performed or to be taken [illegible] in the final [illegible] 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 Town were 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

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 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 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:

M. 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)

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

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 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 data 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:

G. Dale Bailes
(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)

1990 A & B

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.

<u>Section 1.03</u>. <u>Bond Legislation Constitutes Contract</u>. 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. 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: 06-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

AR-1

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 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 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

[illegible]

EXHIBIT A

SPECIMEN

City of Somersville
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

BR-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:

_____

1991

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 Effarcah
Recorder

1991

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

No. AR-1 $790,057.00

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 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:

_____

1998 A

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	4,096.15	-	4,096.15
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	128	4,096.15	-	4,096.15
6/1/32	129	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	$15,878.79
Average Life	20.375
Average Interest Rate	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield Rate* Section 148	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:

	Line 18	Line 20
(a)	12/1/37	N/A
(b)	0.000%	N/A
(c)	4,096.15	$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

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

SPECIMEN

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-1 $4,661,505

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 FOUR MILLION SIX HUNDRED SIXTY-ONE THOUSAND FIVE HUNDRED AND FIVE DOLLARS ($4,661,505), 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 March 1, 2005, 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 December 18, 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 November 12, 2002, and a Supplemental Resolution duly adopted by the Issuer on November 25, 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 December 18, 2002.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

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: December 18, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$262,779	December 18, 2002	(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

City of Summersville (West Virginia)
Loan of $4,661,505
0% Interest Rate, 40 Years
Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	30,667.80	-	30,667.80
6/01/2005	30,667.80	-	30,667.80
9/01/2005	30,667.80	-	30,667.80
12/01/2005	30,667.80	-	30,667.80
3/01/2006	30,667.80	-	30,667.80
6/01/2006	30,667.80	-	30,667.80
9/01/2006	30,667.80	-	30,667.80
12/01/2006	30,667.80	-	30,667.80
3/01/2007	30,667.80	-	30,667.80
6/01/2007	30,667.80	-	30,667.80
9/01/2007	30,667.80	-	30,667.80
12/01/2007	30,667.80	-	30,667.80
3/01/2008	30,667.80	-	30,667.80
6/01/2008	30,667.80	-	30,667.80
9/01/2008	30,667.80	-	30,667.80
12/01/2008	30,667.80	-	30,667.80
3/01/2009	30,667.80	-	30,667.80
6/01/2009	30,667.80	-	30,667.80
9/01/2009	30,667.80	-	30,667.80
12/01/2009	30,667.80	-	30,667.80
3/01/2010	30,667.80	-	30,667.80
6/01/2010	30,667.80	-	30,667.80
9/01/2010	30,667.80	-	30,667.80
12/01/2010	30,667.80	-	30,667.80
3/01/2011	30,667.80	-	30,667.80
6/01/2011	30,667.80	-	30,667.80
9/01/2011	30,667.80	-	30,667.80
12/01/2011	30,667.80	-	30,667.80
3/01/2012	30,667.80	-	30,667.80
6/01/2012	30,667.80	-	30,667.80
9/01/2012	30,667.80	-	30,667.80
12/01/2012	30,667.80	-	30,667.80
3/01/2013	30,667.80	-	30,667.80
6/01/2013	30,667.80	-	30,667.80
9/01/2013	30,667.80	-	30,667.80
12/01/2013	30,667.80	-	30,667.80
3/01/2014	30,667.80	-	30,667.80
6/01/2014	30,667.80	-	30,667.80
9/01/2014	30,667.80	-	30,667.80

City of Summersville (West Virginia)

Loan of $4,661,505
0% Interest Rate, 40 Years
Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2014	30,667.80	-	30,667.80
3/01/2015	30,667.80	-	30,667.80
6/01/2015	30,667.80	-	30,667.80
9/01/2015	30,667.80	-	30,667.80
12/01/2015	30,667.80	-	30,667.80
3/01/2016	30,667.80	-	30,667.80
6/01/2016	30,667.80	-	30,667.80
9/01/2016	30,667.80	-	30,667.80
12/01/2016	30,667.80	-	30,667.80
3/01/2017	30,667.80	-	30,667.80
6/01/2017	30,667.80	-	30,667.80
9/01/2017	30,667.80	-	30,667.80
12/01/2017	30,667.80	-	30,667.80
3/01/2018	30,667.80	-	30,667.80
6/01/2018	30,667.80	-	30,667.80
9/01/2018	30,667.80	-	30,667.80
12/01/2018	30,667.80	-	30,667.80
3/01/2019	30,667.80	-	30,667.80
6/01/2019	30,667.80	-	30,667.80
9/01/2019	30,667.80	-	30,667.80
12/01/2019	30,667.80	-	30,667.80
3/01/2020	30,667.80	-	30,667.80
6/01/2020	30,667.80	-	30,667.80
9/01/2020	30,667.80	-	30,667.80
12/01/2020	30,667.80	-	30,667.80
3/01/2021	30,667.80	-	30,667.80
6/01/2021	30,667.80	-	30,667.80
9/01/2021	30,667.80	-	30,667.80
12/01/2021	30,667.80	-	30,667.80
3/01/2022	30,667.80	-	30,667.80
6/01/2022	30,667.80	-	30,667.80
9/01/2022	30,667.80	-	30,667.80
12/01/2022	30,667.80	-	30,667.80
3/01/2023	30,667.80	-	30,667.80
6/01/2023	30,667.80	-	30,667.80
9/01/2023	30,667.80	-	30,667.80
12/01/2023	30,667.80	-	30,667.80
3/01/2024	30,667.80	-	30,667.80
6/01/2024	30,667.80	-	30,667.80
9/01/2024	30,667.80	-	30,667.80
12/01/2024	30,667.80	-	30,667.80
3/01/2025	30,667.80	-	30,667.80
6/01/2025	30,667.80	-	30,667.80
9/01/2025	30,667.80	-	30,667.80
12/01/2025	30,667.80	-	30,667.80
3/01/2026	30,667.80	-	30,667.80
6/01/2026	30,667.80	-	30,667.80

City of Summersville (West Virginia)

Loan of $4,661,505
0% Interest Rate, 40 Years
Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Interest	Total P+I
9/01/2026	30,667.80	-	30,667.80
12/01/2026	30,667.80	-	30,667.80
3/01/2027	30,667.80	-	30,667.80
6/01/2027	30,667.80	-	30,667.80
9/01/2027	30,667.80	-	30,667.80
12/01/2027	30,667.80	-	30,667.80
3/01/2028	30,667.79	-	30,667.79
6/01/2028	30,667.79	-	30,667.79
9/01/2028	30,667.79	-	30,667.79
12/01/2028	30,667.79	-	30,667.79
3/01/2029	30,667.79	-	30,667.79
6/01/2029	30,667.79	-	30,667.79
9/01/2029	30,667.79	-	30,667.79
12/01/2029	30,667.79	-	30,667.79
3/01/2030	30,667.79	-	30,667.79
6/01/2030	30,667.79	-	30,667.79
9/01/2030	30,667.79	-	30,667.79
12/01/2030	30,667.79	-	30,667.79
3/01/2031	30,667.79	-	30,667.79
6/01/2031	30,667.79	-	30,667.79
9/01/2031	30,667.79	-	30,667.79
12/01/2031	30,667.79	-	30,667.79
3/01/2032	30,667.79	-	30,667.79
6/01/2032	30,667.79	-	30,667.79
9/01/2032	30,667.79	-	30,667.79
12/01/2032	30,667.79	-	30,667.79
3/01/2033	30,667.79	-	30,667.79
6/01/2033	30,667.79	-	30,667.79
9/01/2033	30,667.79	-	30,667.79
12/01/2033	30,667.79	-	30,667.79
3/01/2034	30,667.79	-	30,667.79
6/01/2034	30,667.79	-	30,667.79
9/01/2034	30,667.79	-	30,667.79
12/01/2034	30,667.79	-	30,667.79
3/01/2035	30,667.79	-	30,667.79
6/01/2035	30,667.79	-	30,667.79
9/01/2035	30,667.79	-	30,667.79
12/01/2035	30,667.79	-	30,667.79
3/01/2036	30,667.79	-	30,667.79
6/01/2036	30,667.79	-	30,667.79
9/01/2036	30,667.79	-	30,667.79
12/01/2036	30,667.79	-	30,667.79
3/01/2037	30,667.79	-	30,667.79
6/01/2037	30,667.79	-	30,667.79
9/01/2037	30,667.79	-	30,667.79
12/01/2037	30,667.79	-	30,667.79
3/01/2038	30,667.79	-	30,667.79

City of Summersville (West Virginia)

Loan of $4,661,505
0% Interest Rate, 40 Years
Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2038	30,667.79	-	30,667.79
9/01/2038	30,667.79	-	30,667.79
12/01/2038	30,667.79	-	30,667.79
3/01/2039	30,667.79	-	30,667.79
6/01/2039	30,667.79	-	30,667.79
9/01/2039	30,667.79	-	30,667.79
12/01/2039	30,667.79	-	30,667.79
3/01/2040	30,667.79	-	30,667.79
6/01/2040	30,667.79	-	30,667.79
9/01/2040	30,667.79	-	30,667.79
12/01/2040	30,667.79	-	30,667.79
3/01/2041	30,667.79	-	30,667.79
6/01/2041	30,667.79	-	30,667.79
9/01/2041	30,667.79	-	30,667.79
12/01/2041	30,667.79	-	30,667.79
3/01/2042	30,667.79	-	30,667.79
6/01/2042	30,667.79	-	30,667.79
9/01/2042	30,667.79	-	30,667.79
12/01/2042	30,667.79	-	30,667.79
Total	**4,661,505.00**	**-**	**4,661,505.00**

YIELD STATISTICS

Bond Year Dollars	$98,254.16
Average Life	21.078 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	2.32E-10
Bond Yield for Arbitrage Purposes	2.32E-10
All Inclusive Cost (AIC)	2.32E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	21.078 Years

(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: _____, _____.

SPECIMEN

_____

In the presence of:

_____

11/13/02
878730.00002

SPECIMEN

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-1 $2,388,495

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 THREE HUNDRED EIGHTY-EIGHT THOUSAND FOUR HUNDRED NINETY-FIVE DOLLARS ($2,388,495), 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 March 1, 2005, 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 March 1, 2005, 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 December 18, 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 November 12, 2002, and a Supplemental Resolution duly adopted by the Issuer on November 25, 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 December 18, 2002.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Recorder

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: December 18, 2002.

HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$205,765	December 18, 2002	(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

City of Summersville (West Virginia)

Loan of $2,388,495

0% Interest Rate, 1% Administrative Fee, 30 Years

Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2003	-	-	-
6/01/2003	-	-	-
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	19,904.13	-	19,904.13
6/01/2005	19,904.13	-	19,904.13
9/01/2005	19,904.13	-	19,904.13
12/01/2005	19,904.13	-	19,904.13
3/01/2006	19,904.13	-	19,904.13
6/01/2006	19,904.13	-	19,904.13
9/01/2006	19,904.13	-	19,904.13
12/01/2006	19,904.13	-	19,904.13
3/01/2007	19,904.13	-	19,904.13
6/01/2007	19,904.13	-	19,904.13
9/01/2007	19,904.13	-	19,904.13
12/01/2007	19,904.13	-	19,904.13
3/01/2008	19,904.13	-	19,904.13
6/01/2008	19,904.13	-	19,904.13
9/01/2008	19,904.13	-	19,904.13
12/01/2008	19,904.13	-	19,904.13
3/01/2009	19,904.13	-	19,904.13
6/01/2009	19,904.13	-	19,904.13
9/01/2009	19,904.13	-	19,904.13
12/01/2009	19,904.13	-	19,904.13
3/01/2010	19,904.13	-	19,904.13
6/01/2010	19,904.13	-	19,904.13
9/01/2010	19,904.13	-	19,904.13
12/01/2010	19,904.13	-	19,904.13
3/01/2011	19,904.13	-	19,904.13
6/01/2011	19,904.13	-	19,904.13
9/01/2011	19,904.13	-	19,904.13
12/01/2011	19,904.13	-	19,904.13
3/01/2012	19,904.13	-	19,904.13
6/01/2012	19,904.13	-	19,904.13
9/01/2012	19,904.13	-	19,904.13
12/01/2012	19,904.13	-	19,904.13
3/01/2013	19,904.13	-	19,904.13
6/01/2013	19,904.13	-	19,904.13
9/01/2013	19,904.13	-	19,904.13
12/01/2013	19,904.13	-	19,904.13
3/01/2014	19,904.13	-	19,904.13
6/01/2014	19,904.13	-	19,904.13
9/01/2014	19,904.13	-	19,904.13

City of Summersville (West Virginia)

Loan of $2,388,495

0% Interest Rate, 1% Administrative Fee, 30 Years

Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Interest	Total P+I
12/01/2014	19,904.13	-	19,904.13
3/01/2015	19,904.13	-	19,904.13
6/01/2015	19,904.13	-	19,904.13
9/01/2015	19,904.13	-	19,904.13
12/01/2015	19,904.13	-	19,904.13
3/01/2016	19,904.13	-	19,904.13
6/01/2016	19,904.13	-	19,904.13
9/01/2016	19,904.13	-	19,904.13
12/01/2016	19,904.13	-	19,904.13
3/01/2017	19,904.13	-	19,904.13
6/01/2017	19,904.13	-	19,904.13
9/01/2017	19,904.13	-	19,904.13
12/01/2017	19,904.13	-	19,904.13
3/01/2018	19,904.13	-	19,904.13
6/01/2018	19,904.13	-	19,904.13
9/01/2018	19,904.13	-	19,904.13
12/01/2018	19,904.13	-	19,904.13
3/01/2019	19,904.13	-	19,904.13
6/01/2019	19,904.13	-	19,904.13
9/01/2019	19,904.13	-	19,904.13
12/01/2019	19,904.13	-	19,904.13
3/01/2020	19,904.12	-	19,904.12
6/01/2020	19,904.12	-	19,904.12
9/01/2020	19,904.12	-	19,904.12
12/01/2020	19,904.12	-	19,904.12
3/01/2021	19,904.12	-	19,904.12
6/01/2021	19,904.12	-	19,904.12
9/01/2021	19,904.12	-	19,904.12
12/01/2021	19,904.12	-	19,904.12
3/01/2022	19,904.12	-	19,904.12
6/01/2022	19,904.12	-	19,904.12
9/01/2022	19,904.12	-	19,904.12
12/01/2022	19,904.12	-	19,904.12
3/01/2023	19,904.12	-	19,904.12
6/01/2023	19,904.12	-	19,904.12
9/01/2023	19,904.12	-	19,904.12
12/01/2023	19,904.12	-	19,904.12
3/01/2024	19,904.12	-	19,904.12
6/01/2024	19,904.12	-	19,904.12
9/01/2024	19,904.12	-	19,904.12
12/01/2024	19,904.12	-	19,904.12
3/01/2025	19,904.12	-	19,904.12
6/01/2025	19,904.12	-	19,904.12
9/01/2025	19,904.12	-	19,904.12
12/01/2025	19,904.12	-	19,904.12
3/01/2026	19,904.12	-	19,904.12
6/01/2026	19,904.12	-	19,904.12

City of Summersville (West Virginia)

Loan of $2,388,495
0% Interest Rate, 1% Administrative Fee, 30 Years
Closing Date: December 18, 2002

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2026	19,904.12	-	19,904.12
12/01/2026	19,904.12	-	19,904.12
3/01/2027	19,904.12	-	19,904.12
6/01/2027	19,904.12	-	19,904.12
9/01/2027	19,904.12	-	19,904.12
12/01/2027	19,904.12	-	19,904.12
3/01/2028	19,904.12	-	19,904.12
6/01/2028	19,904.12	-	19,904.12
9/01/2028	19,904.12	-	19,904.12
12/01/2028	19,904.12	-	19,904.12
3/01/2029	19,904.12	-	19,904.12
6/01/2029	19,904.12	-	19,904.12
9/01/2029	19,904.12	-	19,904.12
12/01/2029	19,904.12	-	19,904.12
3/01/2030	19,904.12	-	19,904.12
6/01/2030	19,904.12	-	19,904.12
9/01/2030	19,904.12	-	19,904.12
12/01/2030	19,904.12	-	19,904.12
3/01/2031	19,904.12	-	19,904.12
6/01/2031	19,904.12	-	19,904.12
9/01/2031	19,904.12	-	19,904.12
12/01/2031	19,904.12	-	19,904.12
3/01/2032	19,904.12	-	19,904.12
6/01/2032	19,904.12	-	19,904.12
9/01/2032	19,904.12	-	19,904.12
12/01/2032	19,904.12	-	19,904.12
3/01/2033	19,904.12	-	19,904.12
6/01/2033	19,904.12	-	19,904.12
9/01/2033	19,904.12	-	19,904.12
12/01/2033	19,904.12	-	19,904.12
3/01/2034	19,904.12	-	19,904.12
6/01/2034	19,904.12	-	19,904.12
9/01/2034	19,904.12	-	19,904.12
12/01/2034	19,904.12	-	19,904.12
Total	2,388,495.00	-	2,388,495.00 *

*Plus $3,010.50 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $361,260.

(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: _____, _____.

SPECIMEN

_____

In the presence of:

_____

12/10/02
878730.00002

CH562734.1

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 be 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 inconditional 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]

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

SPECIMEN

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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

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	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: _____, _____.

_____

In the presence of:

_____

SPECIMEN

SPECIMEN

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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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#-GOES 3142
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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
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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	18,518.00	-	18,518.00
09/01/2023	18,518.00	-	18,518.00
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03/01/2024	18,518.00	-	18,518.00
06/01/2024	18,518.00	-	18,518.00
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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
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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
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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:

_____

Litho. in U.S.A.
© GOES 342
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2009 A
&
2009 B

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.

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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

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.

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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) $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.

[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) $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:

_____