

TOWN OF TERRA ALTA

**Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)**

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Order
5. Infrastructure Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Bond

OPINIONS OF COUNSEL

9. Approving Opinion on Bonds of Steptoe & Johnson, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney
13. Certificate of Engineer, with Schedule B Attached
14. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

15. Town Charter
16. Oaths of Office of Councilmembers and Officers
17. Water Rate Ordinance
18. Affidavit of Publication of Water Rate Ordinance and Notice of Public Hearing
19. Minutes on Adoption and Enactment of Water Rate Ordinance
20. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
21. Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution
22. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

23. Acceptance by The Terra Alta Bank of Appointment as Depository Bank
24. Acceptance by One Valley Bank, National Association, of Duties as Registrar
25. Certificate of Registration of Bonds

MISCELLANEOUS DOCUMENTS (Continued)

26. Registrar's Agreement
27. Evidence of United States Department of Agriculture Grant and Amended Letter of Conditions
28. Evidence of Infrastructure Council Grant
29. 1994 Bond Ordinance
30. Consent of 1994 Bondholder
31. NPDES Permit

03/11/98
893600/97002

TOWN OF TERRA ALTA

**WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)**

BOND ORDINANCE

Table of Contents

Subject	Page
ARTICLE I	
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01 Authority for this Ordinance	1
Section 1.02 Findings	1
Section 1.03 Bond Legislation Constitutes Contract	3
Section 1.04 Definitions	4
ARTICLE II	
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01 Authorization of Acquisition and Construction of the Project	11
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01 Authorization of Bonds	12
Section 3.02 Terms of Bonds	12
Section 3.03 Execution of Bonds	13
Section 3.04 Authentication and Registration	13
Section 3.05 Negotiability, Transfer and Registration	13
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	14
Section 3.07 Bonds not to be Indebtedness of the Issuer	14
Section 3.08 Bonds Secured by Pledge of Gross Revenues	14
Section 3.09 Delivery of Bonds	15
Section 3.10 Form of Bonds	15
FORM OF BOND	16

Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	24
Section 3.12	"Amended Schedule B" Filing	24

**ARTICLE IV
[RESERVED]** 25

**ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF**

Section 5.01	Establishment of Funds and Accounts with Depository Bank	26
Section 5.02	Establishment of Funds and Accounts with Commission	26
Section 5.03	System Revenues; Flow of Funds	26

**ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS**

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	31
Section 6.02	Disbursements From the Bond Construction Trust Fund	31

**ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER**

Section 7.01	General Covenants of the Issuer	33
Section 7.02	Bonds not to be Indebtedness of the Issuer	33
Section 7.03	Bonds Secured by Pledge of Gross Revenues	33
Section 7.04	Rates and Charges	33
Section 7.05	Sale of the System	33
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	34
Section 7.07	Parity Bonds	35
Section 7.08	Books; Records and Audit	36
Section 7.09	Rates	38
Section 7.10	Operating Budget and Monthly Financial Report	38
Section 7.11	Engineering Services and Operating Personnel	39
Section 7.12	No Competing Franchise	40
Section 7.13	Enforcement of Collections	40
Section 7.14	No Free Services	40
Section 7.15	Insurance and Construction Bonds	40
Section 7.16	Connections	42
Section 7.17	Completion of Project; Permits and Orders	42
Section 7.18	Compliance with Loan Agreement and Law	42
Section 7.19	Tax Covenants	42
Section 7.20	Statutory Mortgage Lien	43
Section 7.21	Securities Laws Compliance	44
Section 7.22	Contracts	44

**ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE**

Section 8.01	Investments	45
Section 8.02	Arbitrage	45
Section 8.03	Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States	46

**ARTICLE IX
DEFAULT AND REMEDIES**

Section 9.01	Events of Default	48
Section 9.02	Remedies	48
Section 9.03	Appointment of Receiver	48

**ARTICLE X
PAYMENT OF BONDS**

Section 10.01	Payment of Bonds	50
---------------	------------------	----

**ARTICLE XI
MISCELLANEOUS**

Section 11.01	Amendment or Modification of Bond Legislation	51
Section 11.02	Bond Legislation Constitutes Contract	51
Section 11.03	Severability of Invalid Provisions	51
Section 11.04	Headings, Etc.	51
Section 11.05	Conflicting Provisions Repealed	51
Section 11.06	Covenant of Due Procedure, Etc.	52
Section 11.07	Effective Date	52
Section 11.08	Statutory Notice and Public Hearing	52
	SIGNATURES	52
	CERTIFICATION	53

TOWN OF TERRA ALTA

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$520,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 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 THE 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 TERRA ALTA:

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 19 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 Terra Alta (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Preston County of said State.

B. The Issuer presently owns and operates a public waterworks 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 existing public waterworks system of the Issuer, consisting of a new treatment plant, together with all appurtenant facilities (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further 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 Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than \$520,000 (the "Series 1998 A 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. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1998 A 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 any 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 (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 Series 1998 A 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 1998 A 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 1998 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council (as hereinafter defined), in form satisfactory to the Issuer and the Authority, to be approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1994, dated February 8, 1994, issued in the original aggregate principal amount of \$1,395,000 (the "Prior Bonds").

The Series 1998 A Bonds shall be issued on a parity with each other and with the Prior 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 1998 A Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1998 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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.

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 1998 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a certificate of public 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 Series 1998 A Bonds or such final order will not be subject to appeal.

J. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1998 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1998 A Bonds are to be issued.

K. Pursuant to the Act, the Council (as hereinafter defined) has approved the Project and has authorized the Authority (as hereinafter defined) 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 Series 1998 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 19 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 1998 A Bonds, or any other agency, board or department of the State 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 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 1998 A Bonds and 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 1998 A Bonds for the proceeds or at least a de minimus portion thereof representing the purchase price of the Series 1998 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 Thrasher Engineering, Inc., Clarksburg, 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 successor thereto.

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

"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.

"Grant" means any Grant received by the Issuer for the Project.

"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.

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

"Issuer" means the Town of Terra Alta, a municipal corporation and political subdivision of the State of West Virginia, in Preston 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 between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 A Bonds from the Issuer by the Authority, 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 1998 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1998 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1998 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1998 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 A Bonds.

"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 Bonds and into the Reserve Accounts and the Depreciation Reserve have been made to the last monthly date prior to the date of such retention.

"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 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 such other entity or authority as may be designated as a Paying Agent for the Series 1998 A Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means the Water Revenue Bonds, Series 1994, described in Section 1.02G hereof.

"Prior Ordinance" means the ordinance duly enacted by the Issuer on February 2, 1994, authorizing the Prior Bonds.

"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.

"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 Board of Investment Management 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 is registered.

"Registrar" means the Bond Registrar.

"Regulations" means temporary and permanent regulations promulgated under the Code, or any predecessor thereto.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 1998 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance and continued hereby.

"Series 1998 A Bonds" means the not more than \$520,000 in aggregate principal amount of Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Ordinance.

"Series 1998 A Bonds Construction Trust Fund" means the Series 1998 A Bonds Construction Trust Fund created by Section 5.01 hereof.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account created by Section 5.02 hereof.

"Series 1998 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 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund created 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 resolution authorizing the sale of the Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the 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, including any Reserve Accounts and the Depreciation Reserve.

"System" means the complete public waterworks system of the Issuer as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks 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 enactment hereof.

Additional terms and phrases are defined in this Resolution 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.

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 not to exceed \$834,000, 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 1998 A Bonds hereby authorized 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, compatible with the financing plan submitted to the Council.

The cost of the Project is estimated not to exceed \$834,000, of which approximately \$520,000 will be obtained from proceeds of the Series 1998 A Bonds, approximately \$163,500 will be obtained from proceeds of a grant from the United States Department of Agriculture, and approximately \$150,500 will be obtained from proceeds of a grant from the Council.

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 1998 A Bonds, funding a reserve account for the Series 1998 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1998 A Bonds of the Issuer. The Series 1998 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 1998 A (West Virginia Infrastructure Fund)", in the principal amount of not more than \$520,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 A Bonds remaining after funding of the Series 1998 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1998 A Bonds, if any, shall be deposited in or credited to the Series 1998 A Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1998 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 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 the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 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 1998 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 1998 A Bonds shall initially 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 1998 A Bonds, all as provided in the Supplemental Resolution. The Series 1998 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. 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 Series 1998 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 1998 A Bonds shall cease to be such officer of the Issuer before the Series 1998 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 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 1998 A 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 Series 1998 A Bonds shall be conclusive evidence that such Series 1998 A Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1998 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 Series 1998 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1998 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 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 1998 A Bonds remain outstanding, the Bond Registrar for the Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1998 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 1998 A Bonds or transferring the registered Bonds are exercised, all 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 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 1998 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 (where applicable) 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 1998 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 Gross Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 1998 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1998 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all Series 1998 A Bonds shall be secured by a first lien on the Gross

Revenues derived from the System, on a parity with the lien on such Gross Revenues in favor of the Holder of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 A Bonds and the Prior 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 1998 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 A Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 1998 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1998 A Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 1998 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1998 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:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
WATER REVENUE BOND, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF TERRA ALTA, a municipal corporation and political subdivision of the State of West Virginia in Preston 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 _____ (\$_____), 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, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with 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 _____, 199_____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project, and any further 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 19 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 _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (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 WATER REVENUE BONDS, SERIES 1994, DATED FEBRUARY 8, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,395,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from 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 Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Gross Revenues, the moneys in the Series 1998 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 prior to or on a parity with the Bonds, including the Prior 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, 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 prior to or on a parity with 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 moneys, 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 Gross 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, if any, on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF TERRA ALTA 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 _____, 199____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 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: _____, 199 ____.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Authorized Officer

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 Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 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.

Section 3.12. "Amended Schedule B" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule in substantially the form of the "Amended Schedule B" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinance) 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 Ordinance);
- (2) Depreciation Reserve (established by the Prior Ordinance);
- (3) Reserve Fund (established by the Prior Ordinance and hereinafter referred to as "Series 1994 Bonds Reserve Account"); and
- (4) Series 1998 A 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 1998 A Bonds Sinking Fund; and
- (2) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A 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 the Prior Ordinance 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 the Prior Ordinance. 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, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office designated in the Prior Bonds the amount required to pay interest on the Prior Bonds, and to amortize the principal

of the Prior Bonds over the life of such bond issue; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 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 1998 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.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Series 1994 Bonds Reserve Account, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1998 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 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 1998 A Bonds Reserve Requirement.

(3) The Issuer shall next, each month, pay from the moneys in the Revenue Fund all current Operating Expenses of the System.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund until there has been accumulated therein the sum of \$131,000, and thereafter such sums as shall be required to maintain such amount therein. Additionally, so long as the Series 1998 A Bonds are outstanding, the Issuer shall transfer from the Revenue Fund to the Depreciation Account, 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 Depreciation Account 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 Depreciation Account 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 moneys from the Depreciation Reserve.

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

Moneys in the Series 1998 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1998 A Bonds as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1998 A Bonds as the same shall come due, when other moneys in the Series 1998 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account (if fully funded) 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 Series 1998 A Bonds 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 payment, if any, due on the Series 1998 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1998 A Bonds Reserve Account which result in a reduction in the balance of such account to below the Series 1998 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made as set forth above.

As and when additional Bonds ranking on a parity with the Series 1998 A 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 amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund or the Series 1998 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1998 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 Prior Bonds and Series 1998 A 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 1998 A Bonds Sinking Fund and the Series 1998 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. If required by either the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required hereunder.

Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1998 A Bonds Sinking Fund, including the Series 1998 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 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. 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 1998 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.

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 their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the Council at any time, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in any of the funds or 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.

E. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the relevant provisions of the Prior Ordinance and the Gross Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

F. All remittances made by the Issuer to the Commission or the Depository Bank 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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution Account as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest, if any, on the Series 1998 A Bonds for the period commencing on the date of issuance of the Series 1998 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Depository Bank in the Series 1998 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 A Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 1998 A Bonds.

D. 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 1998 A Bonds shall be used as directed in writing by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall on or about the 15th day of 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 for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 A Bonds Construction Trust Fund (except for the costs of issuance of the Bonds hereby authorized, which shall be made upon request of the Issuer) shall be made only after submission to the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

Pending such application, moneys in the respective Bond Construction 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 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 the Bonds or the interest thereon, if any, is Outstanding and unpaid.

Section 7.02. **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 the Bonds or the interest, if any, thereon.

Section 7.03. **Bonds Secured by Pledge of Gross Revenues.** The payment of the debt service of the Series 1998 A Bonds shall be secured by a first lien on the Gross Revenues derived from the System, on a parity with the lien on such Gross Revenues in favor of the Holder of the Prior Bonds. The Gross Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 A 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. **Rates and Charges.** The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the water rate ordinances duly enacted by the Issuer on July 26, 1993, and August 28, 1995, which rates and charges are hereby incorporated herein by reference as a part hereof.

Section 7.05. **Sale of the System.** So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, except as provided in the Prior Ordinance. Additionally, so long as the Series 1998 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 pay fully all the Bonds Outstanding, or to effectively defease the pledge created by this Bond Legislation 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 Prior Bonds, immediately be remitted to the National Finance Office designated in the Prior Bonds, and with respect to the Series 1998 A Bonds, immediately be remitted to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, and the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, 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, 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 derived from any such sale shall be deposited in the Revenue 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 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 shall be deposited in the Depreciation Reserve.

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 for in Section 7.06 and 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 1998 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 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 1998 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 Series 1998 A Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1998 A 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 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 Ordinance shall be applicable. In addition, 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 1998 A Bonds, and must have the prior 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 acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, 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, 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 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 adopted by the Issuer, the time for appeal of which has expired (without successful appeal) 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 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 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 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 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 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 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 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 and the Council or their 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 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 Bonds, and shall mail in each year to any Holder or Holders of the 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 payable from the revenues of the System 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

OMB Circular 128 or any successor thereto and the Single Audit Act 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 the Series 1998 A Bonds and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 1998 A Bonds. Such audit report submitted to the Authority and the Council 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.

The Issuer shall permit the Authority and the Council, 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 of the Project, 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 their powers and rights with respect to the System pursuant to the Act.

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 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 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, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit in the respective Reserve Accounts and any reserve accounts for obligations prior to or on a parity with the Series 1998 A 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 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, including the Prior 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 hereof.

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 and the Council, or to any Holder of the 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.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 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 Loan Agreement as Exhibit C, and forward a copy of such report to the Authority and the Council by the 15th 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 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.

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 the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, the Council and the Issuer at the completion of construction 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 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 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 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 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 Depreciation Reserve and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Reserve. 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, to be procured, to the extent available at reasonable cost to the Issuer; provided, however, if the

Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

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

(6) **FIDELITY BONDS** will be provided as to every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.16. Connections. 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 of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer 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 West Virginia Public Service Commission, if necessary, for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act and shall by Supplemental Resolution approve such additional terms and conditions set forth in the Loan Agreement. The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Authority.

Section 7.19. 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 Series 1998 A 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 Series 1998 A Bonds during the term thereof is, under the terms of the Series 1998 A 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 Series 1998 A 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 Series 1998 A Bonds during the term thereof is, under the terms of the Series 1998 A 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 Series 1998 A 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 Series 1998 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 A 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 Series 1998 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1998 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1998 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1998 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 1998 A Bonds

and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1998 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds held in "contingency" as set forth in the Schedule B attached to the Loan Agreement. The Issuer will also obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds made available due to bid or construction or project underruns.

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 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 8.01.

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 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 Series 1998 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on Series 1998 A the Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the Series 1998 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1998 A Bonds) so that the interest, if any, on the Series 1998 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148 (f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1998 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1998 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1998 A Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect applicable to the Series 1998 A Bonds. For purposes of the first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay from any lawful sources available therefor to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

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

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1998 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 1998 A Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1998 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series of 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 1998 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 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 Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1998 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 1998 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 1998 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1998 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1998 A Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1998 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 completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates

and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this 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 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 Holder of the Series 1998 A 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 with respect to the Series 1998 A Bonds only, the pledge of Gross Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 1998 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 1998 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 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 1998 A Bonds, shall be made without the consent in writing of the Registered Owners of the Series 1998 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1998 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 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 1998 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 Series 1998 A 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 1998 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 Ordinance, the Prior Ordinance 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. Effective Date. This Ordinance shall take effect immediately following the public hearing hereon and the final reading hereof.

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 Preston County Journal and the Preston County News, two newspapers of general circulation in the Town of Terra Alta, 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 1998 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.

Passed on First Reading: - January 12, 1998

Passed on Second Reading: - January 26, 1998

Passed on Final Reading
Following Public
Hearing: - February 9, 1998


Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 9th of February, 1998.

Dated: March 30, 1998.

[SEAL]

Karen A. Nordick
Recorder

03/20/98
893600/97002

TOWN OF TERRA ALTA

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF TERRA ALTA; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING 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 town council (the "Governing Body") of the Town of Terra Alta (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective February 9, 1998 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$520,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 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 THE 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 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, in an aggregate principal amount of not more than \$520,000 (the "Series 1998 A Bonds" or the "Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds (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 19 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, interest rate, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

**NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF
THE TOWN OF TERRA ALTA:**

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 Water

Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$520,000. The Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2037, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, and ending December 1, 2037, and in the amounts as set forth in "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 ratify, approve 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 Application 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 One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, 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 The Terra Alta Bank, Terra Alta, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 1998 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1998 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1998 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1998 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1998 A Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including costs of issuance of the Bonds and related costs.

Section 10. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about March 30, 1998, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project 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 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank, 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 moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1998 A Bonds Sinking Fund, including the Series 1998 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated or to be promulgated thereunder.

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

Adopted this 26th day of March, 1998.



Paul D. Cantley

Mayor

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 TERRA ALTA
(Governmental Agency)

WITNESSETH:

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 construct, operate and improve a project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a 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," "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 Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and 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 Division 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 of the Local Act, the Governmental Agency has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers.

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

other security interest as is provided for in the Local Statute 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 its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority 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, acting by and through its Director or his 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 such documents and information as it 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 its 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.

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

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

2.9 The Governmental Agency shall provide and maintain competent and adequate resident engineering services satisfactory to the 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 resident engineer shall certify to the Authority and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

2.11 The Governmental Agency hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the 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 construction of the Project and for two years following the completion 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 15th of each month to the Authority and Council.

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority 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, 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 water development projects and satisfactory to the Authority, to such effect, such certificate to be in form and substance satisfactory to the Authority, and evidence satisfactory to the Authority of such irrevocably committed grants.

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans 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 it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, 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. The revenues generated from the operation of the System will 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, if any (the "Reserve Account"), was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), 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 the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

(iv) That, except as otherwise required by State law 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, based upon the rates, Operating Expenses and customer usage on the date of closing, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxi) 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. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority 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 of first payment 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 State's general obligation 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, as 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 minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

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

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

6.2 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 prior written notice of the issuance by it of any other obligations to be used for the Project, payable

from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency 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 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

- (i) the end of ninety (90) days after the date of execution hereof by the Authority if the Governmental Agency has failed to deliver the Local Bonds to the Authority;
- (ii) termination by the Authority pursuant to Section 6.1 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.

7.9 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 Division 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.

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 TERRA ALTA

(SEAL)

By: *Richard R. Gentry*
Mayor

Attest:

Date: March 30, 1998

Karen A. Nodwell
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: *Daniel B. Gymbashy*
Director

Attest:

Date: March 30, 1998

Barbara B. Meadows
Its: Secretary-Treasurer

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 that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated _____, 19____.

1. The Bonds are being issued for the purpose of _____
_____ (the "Project").

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least _____ years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors 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 by my firm for accuracy, (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia [Division of Environmental Protection][Bureau for Public Health]; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Subsection 4.1(b)(ii) of the Loan Agreement, (x) 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 irrevocably committed therefor, are sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this ___ day of ____, 19__.

By: _____

West Virginia License No. _____

[SEAL]

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
c/o 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 (i) the authorization of a loan agreement dated _____, 19__, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, dated _____, 19__ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of _____ and 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 enacted by the Governmental Agency on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

3. The Governmental Agency is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Governmental Agency has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Governmental Agency, payable from the [net] revenues of the System referred to in the Local Act and secured by a [first] lien on and pledge of the [net] revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act, and have been duly issued and delivered to the Authority.

6. [If required, 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 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]

Fiscal Year - __

Report Month: _____

	<u>CURRENT</u> <u>MONTH</u>	<u>YEAR TO</u> <u>DATE</u>	<u>BUDGET YEAR</u> <u>TO DATE</u>	<u>DIFFERENCE</u>
1. <u>ITEM</u> Gross Revenues Collected				
2. Operation and Maintenance Expense				
3. Other Bond Debt Payments (including Reserve Fund deposits)				
4. Bond Payments (include Reserve Fund deposits)				
5. Renewal and Replacement Fund Deposit				
6. Funds available for capital construction				

Witnesseth my signature this ___ day of ___, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58465

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$520,000
Purchase Price of Bonds	\$520,000

Principal on the Bonds is payable quarterly, commencing December 1, 1998 to and including December 1, 2037. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on a parity with the Governmental Agency's Water Revenue Bonds, Series 1994, dated February 8, 1994.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and such Bonds shall grant the Authority a first lien on the gross revenues of the Governmental Agency's system.

The Governmental Agency may prepay the 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 Bonds which request must be filed at least 60 days prior to the intended date of issuance.

Quarterly Debt Service Schedule

Town of Terra Alta \$520,000 Infrastructure Fund Loan				
Term (Yrs.): 40		Loan Rate: 0.00%		
First Payment: 12/01/98		Final Payment: 12/1/37		
Date	#	Principal	Interest	Total
12/1/97		-	-	-
3/1/98		-	-	-
6/1/98		-	-	-
9/1/98		-	-	-
12/1/98	1	3,312.10	-	3,312.10
3/1/99	2	3,312.10	-	3,312.10
6/1/99	3	3,312.10	-	3,312.10
9/1/99	4	3,312.10	-	3,312.10
12/1/99	5	3,312.10	-	3,312.10
3/1/00	6	3,312.10	-	3,312.10
6/1/00	7	3,312.10	-	3,312.10
9/1/00	8	3,312.10	-	3,312.10
12/1/00	9	3,312.10	-	3,312.10
3/1/01	10	3,312.10	-	3,312.10
6/1/01	11	3,312.10	-	3,312.10
9/1/01	12	3,312.10	-	3,312.10
12/1/01	13	3,312.10	-	3,312.10
3/1/02	14	3,312.10	-	3,312.10
6/1/02	15	3,312.10	-	3,312.10
9/1/02	16	3,312.10	-	3,312.10
12/1/02	17	3,312.10	-	3,312.10
3/1/03	18	3,312.10	-	3,312.10
6/1/03	19	3,312.10	-	3,312.10
9/1/03	20	3,312.10	-	3,312.10
12/1/03	21	3,312.10	-	3,312.10
3/1/04	22	3,312.10	-	3,312.10
6/1/04	23	3,312.10	-	3,312.10
9/1/04	24	3,312.10	-	3,312.10
12/1/04	25	3,312.10	-	3,312.10
3/1/05	26	3,312.10	-	3,312.10
6/1/05	27	3,312.10	-	3,312.10
9/1/05	28	3,312.10	-	3,312.10
12/1/05	29	3,312.10	-	3,312.10
3/1/06	30	3,312.10	-	3,312.10
6/1/06	31	3,312.10	-	3,312.10
9/1/06	32	3,312.10	-	3,312.10
12/1/06	33	3,312.10	-	3,312.10
3/1/07	34	3,312.10	-	3,312.10
6/1/07	35	3,312.10	-	3,312.10
9/1/07	36	3,312.10	-	3,312.10
12/1/07	37	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/08	38	3,312.10	-	3,312.10
6/1/08	39	3,312.10	-	3,312.10
9/1/08	40	3,312.10	-	3,312.10
12/1/08	41	3,312.10	-	3,312.10
3/1/09	42	3,312.10	-	3,312.10
6/1/09	43	3,312.10	-	3,312.10
9/1/09	44	3,312.10	-	3,312.10
12/1/09	45	3,312.10	-	3,312.10
3/1/10	46	3,312.10	-	3,312.10
6/1/10	47	3,312.10	-	3,312.10
9/1/10	48	3,312.10	-	3,312.10
12/1/10	49	3,312.10	-	3,312.10
3/1/11	50	3,312.10	-	3,312.10
6/1/11	51	3,312.10	-	3,312.10
9/1/11	52	3,312.10	-	3,312.10
12/1/11	53	3,312.10	-	3,312.10
3/1/12	54	3,312.10	-	3,312.10
6/1/12	55	3,312.10	-	3,312.10
9/1/12	56	3,312.10	-	3,312.10
12/1/12	57	3,312.10	-	3,312.10
3/1/13	58	3,312.10	-	3,312.10
6/1/13	59	3,312.10	-	3,312.10
9/1/13	60	3,312.10	-	3,312.10
12/1/13	61	3,312.10	-	3,312.10
3/1/14	62	3,312.10	-	3,312.10
6/1/14	63	3,312.10	-	3,312.10
9/1/14	64	3,312.10	-	3,312.10
12/1/14	65	3,312.10	-	3,312.10
3/1/15	66	3,312.10	-	3,312.10
6/1/15	67	3,312.10	-	3,312.10
9/1/15	68	3,312.10	-	3,312.10
12/1/15	69	3,312.10	-	3,312.10
3/1/16	70	3,312.10	-	3,312.10
6/1/16	71	3,312.10	-	3,312.10
9/1/16	72	3,312.10	-	3,312.10
12/1/16	73	3,312.10	-	3,312.10
3/1/17	74	3,312.10	-	3,312.10
6/1/17	75	3,312.10	-	3,312.10
9/1/17	76	3,312.10	-	3,312.10
12/1/17	77	3,312.10	-	3,312.10
3/1/18	78	3,312.10	-	3,312.10
6/1/18	79	3,312.10	-	3,312.10
9/1/18	80	3,312.10	-	3,312.10
12/1/18	81	3,312.10	-	3,312.10
3/1/19	82	3,312.10	-	3,312.10
6/1/19	83	3,312.10	-	3,312.10
9/1/19	84	3,312.10	-	3,312.10
12/1/19	85	3,312.10	-	3,312.10
3/1/20	86	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/20	87	3,312.10	-	3,312.10
9/1/20	88	3,312.10	-	3,312.10
12/1/20	89	3,312.10	-	3,312.10
3/1/21	90	3,312.10	-	3,312.10
6/1/21	91	3,312.10	-	3,312.10
9/1/21	92	3,312.10	-	3,312.10
12/1/21	93	3,312.10	-	3,312.10
3/1/22	94	3,312.10	-	3,312.10
6/1/22	95	3,312.10	-	3,312.10
9/1/22	96	3,312.10	-	3,312.10
12/1/22	97	3,312.10	-	3,312.10
3/1/23	98	3,312.10	-	3,312.10
6/1/23	99	3,312.10	-	3,312.10
9/1/23	100	3,312.10	-	3,312.10
12/1/23	101	3,312.10	-	3,312.10
3/1/24	102	3,312.10	-	3,312.10
6/1/24	103	3,312.10	-	3,312.10
9/1/24	104	3,312.10	-	3,312.10
12/1/24	105	3,312.10	-	3,312.10
3/1/25	106	3,312.10	-	3,312.10
6/1/25	107	3,312.10	-	3,312.10
9/1/25	108	3,312.10	-	3,312.10
12/1/25	109	3,312.10	-	3,312.10
3/1/26	110	3,312.10	-	3,312.10
6/1/26	111	3,312.10	-	3,312.10
9/1/26	112	3,312.10	-	3,312.10
12/1/26	113	3,312.10	-	3,312.10
3/1/27	114	3,312.10	-	3,312.10
6/1/27	115	3,312.10	-	3,312.10
9/1/27	116	3,312.10	-	3,312.10
12/1/27	117	3,312.10	-	3,312.10
3/1/28	118	3,312.10	-	3,312.10
6/1/28	119	3,312.10	-	3,312.10
9/1/28	120	3,312.10	-	3,312.10
12/1/28	121	3,312.10	-	3,312.10
3/1/29	122	3,312.10	-	3,312.10
6/1/29	123	3,312.10	-	3,312.10
9/1/29	124	3,312.10	-	3,312.10
12/1/29	125	3,312.10	-	3,312.10
3/1/30	126	3,312.10	-	3,312.10
6/1/30	127	3,312.10	-	3,312.10
9/1/30	128	3,312.10	-	3,312.10
12/1/30	129	3,312.10	-	3,312.10
3/1/31	130	3,312.10	-	3,312.10
6/1/31	131	3,312.10	-	3,312.10
9/1/31	132	3,312.10	-	3,312.10
12/1/31	133	3,312.10	-	3,312.10
3/1/32	134	3,312.10	-	3,312.10
6/1/32	135	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
9/1/32	136	3,312.10	-	3,312.10
12/1/32	137	3,312.10	-	3,312.10
3/1/33	138	3,312.10	-	3,312.10
6/1/33	139	3,312.10	-	3,312.10
9/1/33	140	3,312.10	-	3,312.10
12/1/33	141	3,312.10	-	3,312.10
3/1/34	142	3,312.10	-	3,312.10
6/1/34	143	3,312.10	-	3,312.10
9/1/34	144	3,312.10	-	3,312.10
12/1/34	145	3,312.10	-	3,312.10
3/1/35	146	3,312.10	-	3,312.10
6/1/35	147	3,312.10	-	3,312.10
9/1/35	148	3,312.10	-	3,312.10
12/1/35	149	3,312.10	-	3,312.10
3/1/36	150	3,312.10	-	3,312.10
6/1/36	151	3,312.10	-	3,312.10
9/1/36	152	3,312.10	-	3,312.10
12/1/36	153	3,312.10	-	3,312.10
3/1/37	154	3,312.10	-	3,312.10
6/1/37	155	3,312.10	-	3,312.10
9/1/37	156	3,312.10	-	3,312.10
12/1/37	157	3,312.40	-	3,312.10
		\$ 520,000.00	\$ -	\$ 520,000.00

Summary Statistics:

Average Annual Cost -	\$13,000.00
Average Life -	20.500
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:

	Line 19:	Line 20:
(a)	12/1/37	N/A
(b)	0.000%	N/A
(c)	3,312.10	\$520,000.00
(d)	\$3,312.10	\$520,000.00
(e)	N/A	20.500
(f)	N/A	0.0000%
(g)	N/A	0.0000%

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

Entered: November 18, 1997

12-8-97

CASE NO. 97-0865-W-CN

TOWN OF TERRA ALTA,

Application for a certificate of convenience
and necessity to construct a 340 GPM water
treatment plant.

RECOMMENDED DECISION

On July 7, 1997, the Town of Terra Alta (Town) filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a new water treatment facility. The Town indicated that it was not necessary to raise current rates to support the project.

On July 7, 1997, the Commission directed the Town to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Preston County. The Notice of Filing provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate, based upon its review of the evidence submitted with the application.

On August 4, 1997, the Commission entered the Commission Referral Order in this proceeding. The Commission established a decision due date of on or before February 2, 1998.

By Procedural Order of August 12, 1997, the matter was set for hearing on December 5, 1997, in Terra Alta.

On August 19, 1997, the Town filed an affidavit of publication indicating that notice was published in the Preston County News, a newspaper of general circulation in Preston County, on July 12, 1997. No protests to the application have been received by the Commission.

On November 13, 1997, Staff filed a Final Joint Staff Memorandum recommending that the Town's application be approved and that the December 5, 1997 hearing be canceled. Staff described the proposed project as including a 350 G.P.M. treatment plant, 3,500 linear feet of 8-inch main and 900 linear feet of 6-inch main.

The Town proposes charging its existing rates and requested a waiver of the requirement of filing a Rule 42 exhibit. The total project cost is estimated at \$901,500 with proposed financing as follows: Infrastructure Council Loan of \$520,000 for 40 years at 0% interest; Infrastructure Council

Grant of \$150,500; Small Cities Block Grant of \$125,000; and a U.S.D.A. Rural Utilities Service Grant of \$106,000. Staff recommended granting the Town's request for a waiver of the Rule 42 filing requirement.

The Town serves 653 existing customers. The existing treatment plant does not use filtration. The raw water comes from six wells. Three of the wells are under the direct influence of surface water contamination. The remaining wells are not capable of providing enough water to meet consumer demand. To comply with West Virginia Bureau of Public Health regulations, the Town must install filtration and disinfection facilities. The raw water also contains excessive amounts of iron and manganese. Staff viewed the project as necessary given the problems with the existing treatment facilities.

By installing the new 8-inch water main to the new treatment plant, the Town will pick up an additional five customers which brings the project cost per existing and new customer at \$1370. Staff viewed the cost as reasonable.

Staff's examination of the Town's operation and maintenance (O&M) expenses shows that the Town will save about \$27,000 a year with the new treatment. Most of the savings comes from changes in pumping costs of the treated water. The debt service for the new project will be \$13,000 per year which still leaves the Town with an annual surplus of \$14,000 which Staff views as adequate.

Staff's review of the design and technical specifications show that the Town has complied with the Commission's Water Rules. The Town has received approval for the construction of the treatment facility and distribution main from the West Virginia Division of Environmental Health, Permit No. 13,420.

Staff recommended that the project be approved contingent on the bids coming in within the estimates. In the event bids exceed the estimate, the Town should be required to petition the Commission to reopen the proceeding.

DISCUSSION

The Town has demonstrated that the public convenience and necessity require the project. The proposed project will enable the Town to meet relevant health standards and remove excessive iron and manganese from the water.

The Town published the required notice of the proposed project and no protests were made. The Town plans to use existing rates. The proposed project will significantly reduce O&M expenses which will more than cover the additional debt service associated with the project.

The proposed financing is reasonable and should be approved. The Town should petition the Commission for approval if the financing changes or if it is necessary to accept additional grants or incur additional indebtedness. If project funds are to be expended for any purpose other

than the current scope of the project, the Town should petition the Commission to approve such expenditures.

The Town's application should be approved and the hearing scheduled for December 5, 1997, should be canceled.

FINDINGS OF FACT

1. On July 7, 1997, the Town of Terra Alta filed an application with the Public Service Commission, pursuant to West Virginia Code §24-2-11, for a certificate of public convenience and necessity to construct a new water treatment facility. (See application).

2. On July 7, 1997, the Commission directed the Town to publish the Notice of Filing, once, in a newspaper duly qualified by the Secretary of State, published and generally circulated in Preston County. (See Commission Order).

3. On August 19, 1997, the Town filed an affidavit of publication indicating that notice was published in the Preston County News, a newspaper of general circulation in Preston County, on July 12, 1997. (See affidavit).

4. No protests to the application have been received by the Commission. (See file generally).

5. On November 13, 1997, Staff filed a Final Joint Staff Memorandum recommending that the Town's application be approved and that the December 5, 1997 hearing be canceled. (See Final Joint Staff Memorandum).

6. The proposed project includes a 350 G.P.M. treatment plant, 3,500 linear feet of 8-inch main and 900 linear feet of 6-inch main. (See Final Joint Staff Memorandum).

7. The Town proposes charging its existing rates and requested a waiver of the requirement of filing a Rule 42 exhibit. (See application).

8. The total project cost is estimated at \$901,500. (See Final Joint Staff Memorandum).

9. The proposed financing is as follows: Infrastructure Council Loan of \$520,000 for 40 years at 0% interest; Infrastructure Council Grant of \$150,500; Small Cities Block Grant of \$125,000; and a U.S.D.A. Rural Utilities Service Grant of \$106,000. (See Final Joint Staff Memorandum).

10. Staff recommended granting the Town's request for a waiver of the Rule 42 filing requirement. (See Final Joint Staff Memorandum).

11. The Town serves 653 existing customers. (See Final Joint Staff Memorandum).

12. The existing treatment plant does not use filtration. (See Final Joint Staff Memorandum).

13. The raw water comes from six wells, three of which are under the direct influence of surface water contamination. (See Final Joint Staff Memorandum).

14. The remaining wells are not capable of providing enough water to meet consumer demand. (See Final Joint Staff Memorandum).

15. To comply with West Virginia Bureau of Public Health regulations, the Town must install filtration and disinfection facilities. (See Final Joint Staff Memorandum).

16. The raw water also contains excessive amounts of iron and manganese. (See Final Joint Staff Memorandum).

17. By installing the new 8-inch water main to the new treatment plant, the Town will pick up an additional five customers which brings the project cost per existing and new customer at \$1370. (See Final Joint Staff Memorandum).

18. Staff viewed the project cost as reasonable. (See Final Joint Staff Memorandum).

19. Staff's examination of the Town's operation and maintenance expenses shows that the Town will save about \$27,000 a year with the new treatment plant. (See Final Joint Staff Memorandum).

20. The debt service for the new project will be \$13,000 per year which still leaves the Town with an annual surplus of \$14,000 which Staff views as adequate. (See Final Joint Staff Memorandum).

21. Staff's review of the design and technical specifications show that the Town has complied with the Commission's Water Rules and Regulations. (See Final Joint Staff Memorandum).

22. The Town has received approval for the construction of the treatment facility and distribution main from the West Virginia Division of Environmental Health, Permit No. 13,420. (See Final Joint Staff Memorandum).

CONCLUSIONS OF LAW

1. Public convenience and necessity require the proposed project.
2. The proposed financing is reasonable and should be approved.
3. The Town's application for a certificate of convenience and necessity should be granted.

4. The Town should be required to seek Commission approval if the scope of the project or the proposed financing should change.

ORDER

IT IS, THEREFORE, ORDERED that the Town of Terra Alta, be, and hereby is, granted a certificate of convenience and necessity to construct the project as described in its July 7, 1997 application.

IT IS FURTHER ORDERED that the proposed financing of the project comprised of an Infrastructure Council Loan of \$520,000 for 40 years at 0% interest; Infrastructure Council Grant of \$150,500; Small Cities Block Grant of \$125,000; and a U.S.D.A. Rural Utilities Service Grant of \$106,000, be, and hereby is, approved. The financing for the project is not to exceed \$901,500 without additional Commission approval.

IT IS FURTHER ORDERED that, if the scope, design or the financing of the project is modified, the Town shall petition the Commission for approval of any modification before proceeding to construction. If project funds are expended for purposes other than within the scope of the project, the Town shall petition the Commission for approval of expending those funds.

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

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

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

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

K. A. George

Keith A. George
Administrative Law Judge

KAG/s



West Virginia Infrastructure & Jobs Development Council

Public Members:

- Russell L. Isaacs, Chairman
Cortageville
- James D. Williams, Vice-Chairman
St. Albans
- Lloyd P. Adams, M.E.
Wheeling
- James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

May 9, 1997

William R. Watson
Thrasher Engineering, Inc.
P. O. Box 1532
Clarksburg, WV 26301

Re: Town of Terra Alta
Water Treatment Plant Project 97W-305

Dear Mr. Watson,

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Terra Alta's (Town) preliminary application regarding its proposed project for a new water treatment plant (Project). Based on the findings of the Water Technical Review Committee the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. Please carefully review the enclosed comments of the Water Technical Review Committee. The Town may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council recommends the Town use the USDA Rural Utilities Service grant of \$106,000 and the Small Cities Block Grant of \$125,000 which have been previously committed to the Project. The Town may also be eligible for Infrastructure Fund assistance of approximately \$609,000. The Council's final decision regarding the specific funding of the Project is deferred pending final determination of the Project's eligibility and readiness to proceed, and availability of funds in the Infrastructure Fund. **Please note that this letter does not constitute funding approval from the Council.**

If the Town intends to pursue this Project with Infrastructure Fund assistance, please notify the Council once the Project design is complete and the Town is ready to submit the Project for regulatory approvals. Upon such notification, the Council will review the Town's need for funding from the Infrastructure Fund and determine whether a notice of eligibility letter should be issued.

William A. Watson

May 9, 1997

Page 2

Such determination will be based in part upon the Town's readiness to proceed with the Project. Generally, the Council will not issue a notice of eligibility of funding until the project sponsor has filed a certificate of convenience and necessity application with the Public Service Commission.

If you have any questions regarding this matter, please contact Susan J. Riggs at (304) 558-4607.

Sincerely,



Russell L. Isaacs

RL/bh

Enclosures

cc: James Hall

TOWN OF TERRA ALTA

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

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 Terra Alta (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 30th day of March, 1998, the Authority received the Town of Terra Alta Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), issued in the principal amount of \$520,000, as a single, fully registered Bond, numbered AR-1 and dated March 30, 1998 (the "Bonds").
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 \$62,170, being a portion of the principal amount of the Bonds. The balance of the principal amount of the Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

WITNESS our respective signatures on this 30th day of March, 1998.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadms
Authorized Representative

TOWN OF TERRA ALTA

Paul R. Crutcher
Mayor

03/16/98
893600/97002

TOWN OF TERRA ALTA

Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association, as
Bond Registrar for the Series 1998 A Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Terra Alta Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the principal amount of \$520,000, dated March 30, 1998 (the "Bonds"), executed by the Mayor and Recorder of the Town of Terra Alta (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 February 9, 1998, and a Supplemental Resolution duly adopted by the Issuer on March 26, 1998 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement dated March 30, 1998 (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

(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 \$62,170, representing a portion of the 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 for the Bonds,
in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 30th day of March, 1998.

TOWN OF TERRA ALTA



Mayor

03/16/98
893600/97002

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
WATER REVENUE BOND, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

\$520,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF TERRA ALTA, a municipal corporation and political subdivision of the State of West Virginia in Preston 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 FIVE HUNDRED TWENTY THOUSAND DOLLARS (\$520,000), 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 December 1, 1998, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with 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 March 30, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project, and any further 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 19 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 February 9, 1998, and a Supplemental Resolution duly adopted by the Issuer on March 26, 1998 (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 WATER REVENUE BONDS, SERIES 1994, DATED FEBRUARY 8, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,395,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Gross Revenues in favor of the Holders of the Prior Bonds, and from 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 Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the 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 Gross Revenues, the moneys in the Series 1998 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 prior to or on a parity with the Bonds, including the Prior 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, 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 prior to or on a parity with 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements 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 moneys, 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 Gross 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, if any, on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF TERRA ALTA 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 March 30, 1998.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 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: March 30, 1998.

**ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar**

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	<u>AMOUNT</u>	<u>DATE</u>		<u>AMOUNT</u>	<u>DATE</u>
(1)	\$62,170	3-30-98	(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				\$	<u> </u>

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Quarterly Debt Service Schedule

Town of Terra Alta				
\$520,000				
Infrastructure Fund Loan				
Term (Yrs.): 40		Loan Rate: 0.00%		
First Payment: 12/01/98		Final Payment: 12/1/37		
Date	#	Principal	Interest	Total
12/1/97		-	-	-
3/1/98		-	-	-
6/1/98		-	-	-
9/1/98		-	-	-
12/1/98	1	3,312.10	-	3,312.10
3/1/99	2	3,312.10	-	3,312.10
6/1/99	3	3,312.10	-	3,312.10
9/1/99	4	3,312.10	-	3,312.10
12/1/99	5	3,312.10	-	3,312.10
3/1/00	6	3,312.10	-	3,312.10
6/1/00	7	3,312.10	-	3,312.10
9/1/00	8	3,312.10	-	3,312.10
12/1/00	9	3,312.10	-	3,312.10
3/1/01	10	3,312.10	-	3,312.10
6/1/01	11	3,312.10	-	3,312.10
9/1/01	12	3,312.10	-	3,312.10
12/1/01	13	3,312.10	-	3,312.10
3/1/02	14	3,312.10	-	3,312.10
6/1/02	15	3,312.10	-	3,312.10
9/1/02	16	3,312.10	-	3,312.10
12/1/02	17	3,312.10	-	3,312.10
3/1/03	18	3,312.10	-	3,312.10
6/1/03	19	3,312.10	-	3,312.10
9/1/03	20	3,312.10	-	3,312.10
12/1/03	21	3,312.10	-	3,312.10
3/1/04	22	3,312.10	-	3,312.10
6/1/04	23	3,312.10	-	3,312.10
9/1/04	24	3,312.10	-	3,312.10
12/1/04	25	3,312.10	-	3,312.10
3/1/05	26	3,312.10	-	3,312.10
6/1/05	27	3,312.10	-	3,312.10
9/1/05	28	3,312.10	-	3,312.10
12/1/05	29	3,312.10	-	3,312.10
3/1/06	30	3,312.10	-	3,312.10
6/1/06	31	3,312.10	-	3,312.10
9/1/06	32	3,312.10	-	3,312.10
12/1/06	33	3,312.10	-	3,312.10
3/1/07	34	3,312.10	-	3,312.10
6/1/07	35	3,312.10	-	3,312.10
9/1/07	36	3,312.10	-	3,312.10
12/1/07	37	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
3/1/08	38	3,312.10	-	3,312.10
6/1/08	39	3,312.10	-	3,312.10
9/1/08	40	3,312.10	-	3,312.10
12/1/08	41	3,312.10	-	3,312.10
3/1/09	42	3,312.10	-	3,312.10
6/1/09	43	3,312.10	-	3,312.10
9/1/09	44	3,312.10	-	3,312.10
12/1/09	45	3,312.10	-	3,312.10
3/1/10	46	3,312.10	-	3,312.10
6/1/10	47	3,312.10	-	3,312.10
9/1/10	48	3,312.10	-	3,312.10
12/1/10	49	3,312.10	-	3,312.10
3/1/11	50	3,312.10	-	3,312.10
6/1/11	51	3,312.10	-	3,312.10
9/1/11	52	3,312.10	-	3,312.10
12/1/11	53	3,312.10	-	3,312.10
3/1/12	54	3,312.10	-	3,312.10
6/1/12	55	3,312.10	-	3,312.10
9/1/12	56	3,312.10	-	3,312.10
12/1/12	57	3,312.10	-	3,312.10
3/1/13	58	3,312.10	-	3,312.10
6/1/13	59	3,312.10	-	3,312.10
9/1/13	60	3,312.10	-	3,312.10
12/1/13	61	3,312.10	-	3,312.10
3/1/14	62	3,312.10	-	3,312.10
6/1/14	63	3,312.10	-	3,312.10
9/1/14	64	3,312.10	-	3,312.10
12/1/14	65	3,312.10	-	3,312.10
3/1/15	66	3,312.10	-	3,312.10
6/1/15	67	3,312.10	-	3,312.10
9/1/15	68	3,312.10	-	3,312.10
12/1/15	69	3,312.10	-	3,312.10
3/1/16	70	3,312.10	-	3,312.10
6/1/16	71	3,312.10	-	3,312.10
9/1/16	72	3,312.10	-	3,312.10
12/1/16	73	3,312.10	-	3,312.10
3/1/17	74	3,312.10	-	3,312.10
6/1/17	75	3,312.10	-	3,312.10
9/1/17	76	3,312.10	-	3,312.10
12/1/17	77	3,312.10	-	3,312.10
3/1/18	78	3,312.10	-	3,312.10
6/1/18	79	3,312.10	-	3,312.10
9/1/18	80	3,312.10	-	3,312.10
12/1/18	81	3,312.10	-	3,312.10
3/1/19	82	3,312.10	-	3,312.10
6/1/19	83	3,312.10	-	3,312.10
9/1/19	84	3,312.10	-	3,312.10
12/1/19	85	3,312.10	-	3,312.10
3/1/20	86	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
6/1/20	87	3,312.10	-	3,312.10
9/1/20	88	3,312.10	-	3,312.10
12/1/20	89	3,312.10	-	3,312.10
3/1/21	90	3,312.10	-	3,312.10
6/1/21	91	3,312.10	-	3,312.10
9/1/21	92	3,312.10	-	3,312.10
12/1/21	93	3,312.10	-	3,312.10
3/1/22	94	3,312.10	-	3,312.10
6/1/22	95	3,312.10	-	3,312.10
9/1/22	96	3,312.10	-	3,312.10
12/1/22	97	3,312.10	-	3,312.10
3/1/23	98	3,312.10	-	3,312.10
6/1/23	99	3,312.10	-	3,312.10
9/1/23	100	3,312.10	-	3,312.10
12/1/23	101	3,312.10	-	3,312.10
3/1/24	102	3,312.10	-	3,312.10
6/1/24	103	3,312.10	-	3,312.10
9/1/24	104	3,312.10	-	3,312.10
12/1/24	105	3,312.10	-	3,312.10
3/1/25	106	3,312.10	-	3,312.10
6/1/25	107	3,312.10	-	3,312.10
9/1/25	108	3,312.10	-	3,312.10
12/1/25	109	3,312.10	-	3,312.10
3/1/26	110	3,312.10	-	3,312.10
6/1/26	111	3,312.10	-	3,312.10
9/1/26	112	3,312.10	-	3,312.10
12/1/26	113	3,312.10	-	3,312.10
3/1/27	114	3,312.10	-	3,312.10
6/1/27	115	3,312.10	-	3,312.10
9/1/27	116	3,312.10	-	3,312.10
12/1/27	117	3,312.10	-	3,312.10
3/1/28	118	3,312.10	-	3,312.10
6/1/28	119	3,312.10	-	3,312.10
9/1/28	120	3,312.10	-	3,312.10
12/1/28	121	3,312.10	-	3,312.10
3/1/29	122	3,312.10	-	3,312.10
6/1/29	123	3,312.10	-	3,312.10
9/1/29	124	3,312.10	-	3,312.10
12/1/29	125	3,312.10	-	3,312.10
3/1/30	126	3,312.10	-	3,312.10
6/1/30	127	3,312.10	-	3,312.10
9/1/30	128	3,312.10	-	3,312.10
12/1/30	129	3,312.10	-	3,312.10
3/1/31	130	3,312.10	-	3,312.10
6/1/31	131	3,312.10	-	3,312.10
9/1/31	132	3,312.10	-	3,312.10
12/1/31	133	3,312.10	-	3,312.10
3/1/32	134	3,312.10	-	3,312.10
6/1/32	135	3,312.10	-	3,312.10

Quarterly Debt Service Schedule

Date	#	Principal	Interest	Total
9/1/32	136	3,312.10	-	3,312.10
12/1/32	137	3,312.10	-	3,312.10
3/1/33	138	3,312.10	-	3,312.10
6/1/33	139	3,312.10	-	3,312.10
9/1/33	140	3,312.10	-	3,312.10
12/1/33	141	3,312.10	-	3,312.10
3/1/34	142	3,312.10	-	3,312.10
6/1/34	143	3,312.10	-	3,312.10
9/1/34	144	3,312.10	-	3,312.10
12/1/34	145	3,312.10	-	3,312.10
3/1/35	146	3,312.10	-	3,312.10
6/1/35	147	3,312.10	-	3,312.10
9/1/35	148	3,312.10	-	3,312.10
12/1/35	149	3,312.10	-	3,312.10
3/1/36	150	3,312.10	-	3,312.10
6/1/36	151	3,312.10	-	3,312.10
9/1/36	152	3,312.10	-	3,312.10
12/1/36	153	3,312.10	-	3,312.10
3/1/37	154	3,312.10	-	3,312.10
6/1/37	155	3,312.10	-	3,312.10
9/1/37	156	3,312.10	-	3,312.10
12/1/37	157	3,312.40	-	3,312.40
		\$ 520,000.00	\$ -	\$ 520,000.00

Summary Statistics:

Average Annual Cost -	\$13,000.00
Average Life -	20.500
Average Interest Rate -	0.0000%
Net Interest Cost (NIC)	0.0000%
True Interest Cost (TIC)	0.0000%
Tax Yield (I.R.C. Section 148)	0.0000%
All-in Yield (AIC)	0.0000%

Data for Form 8038:

	Line 19:	Line 20:
(a)	12/1/37	N/A
(b)	0.000%	N/A
(c)	3,312.10	\$520,000.00
(d)	\$3,312.10	\$520,000.00
(e)	N/A	20.500
(f)	N/A	0.0000%
(g)	N/A	0.0000%

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SIXTH FLOOR

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

FACSIMILE (304) 624-8183

BANK ONE CENTER, SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25320-1588

(304) 353-8000

FACSIMILE (304) 353-8180

1000 HAMPTON CENTER

P. O. BOX 1618

MORGANTOWN, W. VA. 26507-1618

(304) 598-8000

FACSIMILE (304) 598-8118

126 EAST BURKE STREET

P. O. BOX 2629

MARTINSBURG, W. VA. 25402-2629

(304) 263-6991

FACSIMILE (304) 263-4785

104 WEST CONGRESS STREET

P. O. BOX 100

CHARLES TOWN, W. VA. 25414-0100

(304) 725-1414

FACSIMILE (304) 725-1913

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

WRITER'S DIRECT DIAL NUMBER

March 30, 1998

Town of Terra Alta
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

Town of Terra Alta
Terra Alta, 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 Terra Alta (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$520,000 Water Revenue Bonds, Series 1998 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 March 30, 1998, 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 no interest, with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 1998, and ending December 1, 2037, 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 19 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) and 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 February 9, 1998, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 26, 1998 (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.

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 referred to in the Loan Agreement 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 and 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 upon 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 Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System, on a parity with respect to the liens, pledge of and source of and security for payment with the Issuer's Water Revenue Bonds, Series 1994, dated February 8, 1994, all in accordance with the terms of the Bonds and the Bond Legislation.
5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality or county commission, political subdivision or agency thereof, and the interest

on the Bonds 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; therefore, the interest, if any, on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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 therein, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated 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

03/11/98
893600/97002

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET

Kingwood, West Virginia 26537

March 30, 1998

(304) 329-1173
(304) 329-1203 FAX

Town of Terra Alta
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

Town of Terra Alta
Terra Alta, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure
and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to the Town of Terra Alta, a municipal corporation in Preston County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement dated March 30, 1998, 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, a Bond Ordinance duly enacted by the Issuer on February 9, 1998, and a Supplemental Resolution duly adopted by the Issuer on March 26, 1998 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). 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.

I am 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.

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer 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, 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 acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including without limitation the receipt of the approvals from the 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 an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 19, 1997, in Case No. 97-0865-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

6. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the 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.

Town of Terra Alta, et al.
Page 3

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "Sheila K. Williams".

SHEILA K. WILLIAMS, ESQUIRE

03/11/98
893600/97002

Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET

Kingwood, West Virginia 26597

(304) 329-1173

(304) 329-1208 FAX

January 19, 1998

West Virginia Infrastructure &
Jobs Development Council
1320 One Valley Square
Charleston, WV 25301

ATTN: Susan J. Riggs, Esquire
Executive Secretary

Re: Status of the title of the Town of Terra Alta,
West Virginia, in and to certain real estate
to be used for plant and well sites and rights-
of-way identified as being a part of 23.64 acres
of real estate situate in Portland District,
Preston County, West Virginia

Dear Ms. Riggs:

I hereby certify that I have examined the records in the office of the Clerk of the County Commission of Preston County, West Virginia, insofar as the same are correctly indexed in the official indices of said office for a period of 40 years prior to the recordation of the Deed of Conveyance to the Town of Terra Alta on the 30th day of December, 1997, in connection with the title of the immediate predecessor in title, West Virginia Department of Agriculture, in and to 23.64 acres situate in Portland District, Preston County, West Virginia, and I have found no judgments, tax liens, lis pendens, or other liens unreleased of record other than those hereinafter noted, now enforceable, affecting the title to said real estate. The real estate in question consists of several small parcels included within the 23.64 acres of real estate and is identified specifically on the Deed of Conveyance to the Town of Terra Alta, a copy of which is attached hereto and incorporated herein.

I do further certify, in my opinion, subject to any errors or omissions in the indices of said County and further subject to such set of facts as would be disclosed by an accurate survey

of said premises by a competent engineer that the Town of Terra Alta, West Virginia, is vested with a good and marketable title to the surface of said real estate subject to the following limitations:

LIENS

During the period of this examination, I found no judgments, tax liens, lis pendens or other liens unreleased of record affecting the title of this real estate.

MINERALS

During the period of this examination, I found no reservations, out conveyances or any other references to minerals or mining rights affecting the title to this real estate.

OTHER RESERVATIONS

By a Right-of-Way Agreement dated the 2rd day of October, 1951, and recorded in Deed Book 291, page 41, the State of West Virginia, acting through the Board of Control, conveyed to Cumberland and Allegheny Gas Company a right-of-way over, across and through a tract of real estate of which the property in question is a part, for a ten inch (10") pipeline for the transportation of oil, gas, and other minerals and the right to maintain and operate the same. This right-of-way did not have a specific description and may apply to the property in question; however, no reference of the same is made on the survey of the property completed by Thrasher Engineering and no identification of such line is made upon said plat.

By two Rights-of-Way Agreements dated the 26th day of July, 1956, and recorded in Deed Book 5, page 477, and dated the 21st day of November, 1955, and recorded in Deed Book 5, page 484, the State Board of Control conveyed to the Chesapeake and Potomac Telephone Company of West Virginia, two rights-of-way for the construction, operation and maintenance of telegraph and telephone lines. These rights-of-way apply to the large tract of land which includes the property in question and may apply to the subject real estate; however, a specific location was not identified therein. The plat of survey by Thrasher Engineering did not identify or locate any such right-of-way as being applicable to the property in question.

In the Deed of Conveyance dated November 12, 1997, from The West Virginia Department of Agriculture to the Municipality of Terra Alta recorded on the 0th day of December, 1997, the State of West Virginia did include a reversion clause providing that should the Municipality of Terra Alta cease to use the property as a water plant site and water line easement that the property would revert back to the West Virginia Department of Agriculture. This reservation does apply to the property in question.

There is further excepted and reserved from this title examination any certification as it

applies to Municipal Statutory Liens not of record for delinquent payments of water, sewer, etc., as may be applicable to the Municipality servicing said real estate, if said property is so served. There is further excepted and reserved from this certification any construction activity which may have occurred within the last ninety (90) days for which a mechanic's lien or materialman's lien could be assessed against the real estate, and any outstanding leases or agreements written or oral affecting the subject property, which are not of record. There is further excepted and reserved from this certification any certification in regard to hazardous waste having been permitted to be upon or stored within the subject property and any possible State and/or Federal Environmental Liens and rights and obligations arising from State and Federal Environmental Laws.

This title examination is certified upon and based upon and reliant upon the location of this real estate and the specific identification of deed reference of said real estate as located and certified upon the plat of survey of said real estate by Kurt L. Newbrough, P.S. 1618, of Thrasher Engineering. This title examination does certify that the ownership of the property referenced as having been conveyed to the State of West Virginia by Deed recorded in Deed Book 144, page 241, is clear of liens and only subject to such limitations for the term as set forth herein. The description of the real estate is reliant upon the plat of survey certified by the licensed surveyor and reference is herein made to said survey to be attached to and included in the deed of conveyance for the subject real estate. There is further excepted and reserved from this certification any state of fact or discrepancy which the survey discloses or any discrepancy in the accuracy of the description as contained in the plat of survey.

Further, there is excepted and reserved from this certification any zoning laws and other restrictions or regulations, municipal or county ordinances, or statutes or regulations of other governmental agencies as applicable to the property in question.

The real estate is listed in the non-taxable section of real estate for Portland District, Preston County, West Virginia, for the year 1997 and for all prior years thereto during the period of this examination. No taxes are due on this real estate during the period of this examination.

The subject real estate is assessed in the non-taxable portion of the Land Books of Preston County, West Virginia, in Portland District for the year 1997. The subject real estate is included within the following assessment in Portland District in the Land Books of Preston County, West Virginia:

"Hopemont State Hospital 8- 804.28 Snowy Creek"

CHAIN OF TITLE

By Deed dated the 15th day of August, 1916, and recorded in Deed Book 144, page 241, A.C. Hemsworth and Angeline Hemsworth, his wife, conveyed 2 .64 acres of real estate to the State Board of Control, which real estate included the subject real estate as located by the plat of survey.

THIS DEED, made as of the 12th day of November, 1997, by and between THE WEST VIRGINIA DEPARTMENT OF AGRICULTURE, Grantor, and THE MUNICIPALITY OF TERRA ALTA, a municipal corporation of the State of West Virginia, Grantee.

WITNESSETH: That for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, the said Grantor does hereby GRANT and CONVEY, with a covenant of GENERAL WARRANTY, unto the said Grantee the following described tracts or parcels of real estate, together with the rights-of-way described herein and the improvements and appurtenances thereunto belonging, situate in Portland District, Preston County, West Virginia, and being more particularly bounded and described as follows:

TRACT NO. 1: WATER TREATMENT SITE.

Beginning at a 3/4 inch iron rod set, said point being on the southern right-of-way of CSX Railroad right-of-way and bears N. 79° 18' 34" E. a distance of 942.02 feet from a property corner found, and bears S. 52° 18' 37" W., a distance of 1192.01 feet from the intersection of West Virginia Route 7 and County Route 46; thence with said southern right-of-way of CSX Railroad right-of-way, S. 80° 20' 51" E., a distance of 230.00 feet to a 3/4 inch iron rod set; thence leaving said southern right-of-way of CSX Railroad right-of-way, S. 11° 30' 37" W., a distance of 108.48 feet to a 3/4 inch iron rod set; thence S. 36° 00' 51" W., a distance of 132.00 feet to a 3/4 inch iron rod set, said point being on the northern line of a twenty foot right-of-way; thence with said twenty foot right-of-way for nine (9) calls: N. 53° 59' 09" W., a distance of 18.21 feet to a 3/4 inch iron rod set; thence N. 50° 39' 25" W. a distance of 48.44 feet to a 3/4 inch iron rod set; thence N. 42° 48' 03" W., a distance of 32.32 feet to a 3/4 inch iron rod set; thence N. 34° 09' 12" W., a distance of 27.06 feet to a 3/4 inch iron rod set;

thence N. 20° 15' 20" W., a distance of 24.88 feet to a 3/4 inch iron rod set; thence N. 17° 36' 15" W., a distance of 27.98 feet to a 3/4 inch iron rod set; thence N. 13° 57' 35" W., a distance of 20.66 feet to a 3/4 inch iron rod set; thence N. 10° 49' 38" W., a distance of 57.89 feet to a 3/4 inch iron rod set; thence N. 07° 57' 07" W., a distance of 37.54 feet, the place of beginning, containing 35,819 square feet or 0.82 acres, more or less, as shown on a plat of survey dated June 1997 and revised November 1997, by Thrasher Engineering, Kurt L. Newbrough, P.S. 1618, which plat is attached hereto, made a part of this description and to which reference is hereby made for all pertinent purposes.

TRACT NO. 2: WELL NO. 1.

Beginning at a 3/4 inch iron rod set, said point bears S. 80° 34' 17" E., a distance of 1528.31 feet from a property corner found; thence N. 53° 07' 59" E. a distance of 30.00 feet to a 3/4 inch iron rod set; thence S. 36° 52' 01" E., a distance of 30.00 feet to a 3/4 inch iron rod set; thence S. 53° 07' 59" W., a distance of 30.00 feet to a 3/4 inch iron rod set; thence N. 36° 52' 01" W., a distance of 15.00 feet to a point, said point being the centerline of a thirty (30) foot right-of-way to said well; thence N. 36° 52' 01" W., a distance of 15.00 feet to the place of beginning, containing 900 square feet or 0.02 acres, more or less, as shown on the aforesaid plat of survey dated June 1997 and revised November 1997, attached hereto and made a part hereof for all pertinent purposes.

TRACT NO. 3: WELL NO. 2.

Beginning at a 3/4 inch iron rod set, said point bears S. 83° 56' 39" E., a distance of 1338.16 feet from a property corner found; thence N. 69° 59' 07" E., a distance of 30.00 feet to a 3/4 inch iron rod set; thence S. 20° 00' 53" E., a distance of 30.00 feet to a 3/4 inch iron rod set; thence S. 69° 59' 07" W., a distance of 30.00 feet to a 3/4 inch iron rod set; thence N. 20° 00' 53" W., a distance of 15.00 feet to a point, said point being the centerline of a thirty (30) foot right-of-way to said well; thence N. 20° 00' 53" W., a distance of 15.00 feet to the place of beginning, containing 900 square feet or 0.02 acres, more or less, as shown on the aforesaid plat of survey dated June 1997 and revised November 1997, attached hereto and made a part hereof for all pertinent purposes.

TRACT NO. 4: 20 FOOT AND 30 FOOT RIGHT-OF-WAY TO WELL NO. 1.

Beginning at a point, said point bears S. 36° 00' 51" W., a distance of 10.00 feet from a 3/4 inch iron rod set on the most southern property corner of the proposed Water Treatment Plant Site; thence S. 53° 59' 36" E., a distance of 34.97 feet to a point; thence S. 52° 19' 54" E., a distance of 115.05 feet to a point; thence S. 54° 58' 52" E., a distance of 8.05 feet to a point; thence S. 60° 10' 02" E., a distance of 16.90 feet to a point; thence S. 62° 04' 43" E., a distance of 17.77 feet to a point; thence S. 65° 11' 37" E., a distance of 6.97 feet to a point, said point being the beginning point of a thirty (30) foot right-of-way to Well No. 2; thence S. 65° 11' 37" E., a distance of 11.97 feet to a point; thence S. 73° 17' 47" E., a distance of 275.30 feet to a point, said point being the beginning of a thirty (30) foot right-of-way to Well No. 1; thence with said thirty foot right-of-way, N. 53° 07' 59" E., a distance of 38.02 feet to a point, said point being on a line of said Well No. 1 and bearing N. 36° 52' 01" W., a distance of 15.00 feet from the most southern corner of said Well No. 1, as shown on the aforesaid plat of survey dated June 1997 and revised November 1997, attached hereto and made a part hereof for all pertinent purposes.

TRACT NO. 5: 30 FOOT RIGHT-OF-WAY TO WELL NO. 2.

Beginning at a point, said point being the end of the seventh call for the aforesaid twenty foot right-of-way; thence N. 69° 59' 07" E., a distance of 132.89 feet to a point, said point being on a line of said Well No. 2 and bearing N. 20° 00' 53" W., a distance of 15.00 feet from the most southern corner of said Well No. 2, as shown on the aforesaid plat of survey dated June 1997 and revised November 1997, attached hereto and made a part hereof for all pertinent purposes.

TRACT NO. 6: 15 FOOT WATERLINE RIGHT-OF-WAY.

Beginning at a point, said point bears S. 07° 57' 07" E., a distance of 21.01 feet from the northwestern corner of proposed water plant site; thence N. 79° 10' 06" E., a distance of 168.15 feet to a point; thence N. 78° 43' 47" W., a distance of 95.98 feet to a point; thence N. 79° 17' 58" W., a distance of 148.58 feet to a point; thence N. 74° 08' 28" W., a distance of 171.88 feet to a point; thence N. 18° 26' 43" E., crossing a CSX Railroad right-of-way at a distance of

11.65 feet, leaving said CSX Railroad right-of-way at a distance of 77.65 feet, and a total distance of 176.37 feet to a point in the line southern right-of-way of West Virginia Secondary Route No. 7, being a permanent waterline right-of-way fifteen (15) feet in width, seven and one-half (7.5) feet each side of said waterline or fifteen (15) feet south from the southern edge of the sixty-six (66) foot CSX Railroad right-of-way as shown on an exhibit of the proposed waterline right-of-way dated August 22, 1997, by Thrasher Engineering, which exhibit is attached hereto as Exhibit "A", incorporated herein and to which exhibit reference is hereby made for all pertinent purposes.

TRACT NO. 7: WATERLINE RIGHT-OF-WAY AND EASEMENT FOR DRAINAGE.

Beginning at a point, said point being the end of the third call for the twenty foot right-of-way previously conveyed to the Grantee herein by the Grantor herein by deed dated the 15th day of September, 1997, which deed will be recorded prior to or simultaneously with the recordation of this deed; thence from the end of the third call for the twenty foot right-of-way S. 08° 10' 40" W. a distance of 11.16 feet to a point; thence S. 35° 17' 18" W., a distance of 310.03 feet to a point; thence N. 54° 50' 47" W., a distance of 10.00 feet to a point; thence N. 35° 17' 18" E. a distance of 310.22 feet to a point; thence S. 53° 44' 18" E. a distance of 10.00 feet to the place of beginning, containing 3,101 square feet or 0.01 acres, more or less, as shown on a plat of survey dated June 1997, and revised November 1997, by Thrasher Engineering, Kurt L. Newbrough, P.S. 1618, which plat is attached hereto, made a part of this description and to which reference is hereby made for all pertinent purposes.

The aforescribed and conveyed tracts or parcels of real estate and right-of-ways and easement being over, upon and through the same real estate conveyed by A. C. Hemsworth and Angeline Hemsworth, his wife, to the State Board of Control by deed dated the 15th day of August, 1916, and recorded in the office of the

Clerk of the County Commission of Preston County, West Virginia, in Deed Book 144, page 241, to which said deed reference is hereby made for all pertinent purposes.

By legislation adopted in 1976 and included in the West Virginia Code, as amended, §19-12A-3, the State Board of Control became the Farm Management Commission and all property formerly titled in the name of the State Board of Control was thereafter titled and controlled in the name of the Farm Management Commission. Further, by legislation adopted in 1994, the West Virginia Code, as amended, §19-12A-1 et seq., abolished the Farm Management Commission and placed the title and control of all of said property in the Department of Agriculture. Within the said West Virginia Code, as amended, §19-12-4, the property in question, known as the Hopemont State Hospital, was specifically mentioned as being a part of the transition of real estate.

Further, within the West Virginia Code, as amended, §1-5-3, there is a provision that a public body is authorized and empowered to transfer property to another public body provided that the sale is approved in writing by the Board of Public Works. Such approval was obtained prior to the execution of this document. The Commissioner of Agriculture does execute this deed of conveyance as the authorized person with the power and authority to control the disposition of real estate upon approval by the Board of Public Works. Reference to said West Virginia Code provisions is hereby made for all pertinent purposes.

There is further excepted and reserved from the operation of this conveyance all of the coal, oil, and gas, and other minerals, together with the mining rights pertaining

thereto, that have been or may have been heretofore excepted, reserved, or conveyed away by the Grantor or its predecessors in title and as will appear of record in the aforesaid County Clerk's office.

This conveyance is, nevertheless, made subject to any imposition of restrictions on the property described herein by deeds, rights-of-way, easements, agreements, exceptions, and reservations which are of record in the aforesaid County Clerk's office.

The real estate herein described and conveyed is included within the following assessment in the Land Book of Preston County, West Virginia, in the non-taxable section of Portland District for the year 1997:

"Hopemont State Hospital 38-3 804.28 Snow Creek"

Should the Municipality of Terra Alta cease to use the herein described property as a water plant site and water line easement then the real estate herein described and conveyed shall revert back to the West Virginia Department of Agriculture

WITNESS the following signature and seal:

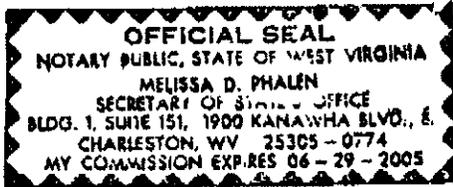
WEST VIRGINIA DEPARTMENT OF AGRICULTURE, a subsidiary of the State of West Virginia

By Gus R. Douglass [SEAL]
Gus R. Douglass, Commissioner of Agriculture, Grantor

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, to-wit:

The foregoing instrument was acknowledged before me this 22nd day of December, 1997, by Gus R. Douglass, Commissioner of Agriculture, West Virginia Department of Agriculture, State of West Virginia.

My commission expires June 29, 2005



Melissa D. Phalen
NOTARY PUBLIC
[NOTARIAL SEAL]

DECLARATION OF CONSIDERATION

I hereby declare that this conveyance is a transfer to a political subdivision of the State of West Virginia and it is not subject to the excise tax on the privilege of transferring real property as provided by Chapter 11, Article 22, Section 1 of the West Virginia Code.

Given under my hand this 22nd day of December, 1997.

WEST VIRGINIA DEPARTMENT OF AGRICULTURE, a subsidiary of the State of West Virginia

By Gus R. Douglass [SEAL]
Gus R. Douglass, Commissioner of Agriculture, Grantor

This Document was prepared by:
Arden J. Curry, II
Pauley, Curry, Sturgeon & Vanderford
Post Office Box 2786
Charleston, WV 25330-2786
(304) 342-6000

APPROVED AS TO FORM PRIOR TO
ACKNOWLEDGEMENT THEREOF, THIS
22nd day of December, 1997
DARRELL V. MCGRAW, JR.
ATTORNEY GENERAL
By: Darrell V. McGraw, Jr.
DEPUTY ATTORNEY GENERAL

KEN HECHLER
Secretary of State

MARY P. RATLIFF
Deputy Secretary of State

JAN CASTO
Deputy Secretary of State

CATHERINE FEROTTE
Executive Assistant

Telephone: (304) 558-6000
Corporations: (304) 558-8000
FAX: (304) 558-0900



WILLIAM H. HARRINGTON
Chief of Staff

JUDY COOPER
Director, Administrative Law

PENNEY BARKER
Supervisor, Corporations

STATE OF WEST VIRGINIA

SECRETARY OF STATE

Building 1, Suite 157-K
1900 Kanawha Blvd., East
Charleston, WV 25305-0770

(Plus all the volunteer
help we can get)

RESOLUTION

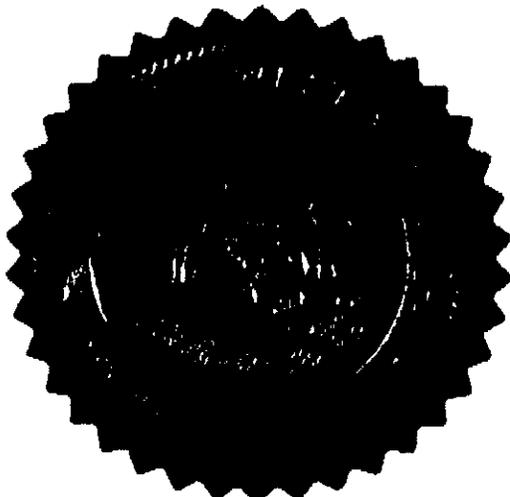
Ordered: That pursuant to Chapter 1, Article 5, Section 3, Code of West Virginia, 1931, as amended, the Board of Public Works does hereby approve the sale and/or transfer of a certain lot or parcel of real estate, more specifically described in a deed, dated the 12th day of November, 1997, by and between the West Virginia Department of Agriculture and the Municipality of Terra Alta for the sum of \$10.00.

* * * * *

State of West Virginia,
Office of the Secretary of State,
Charleston

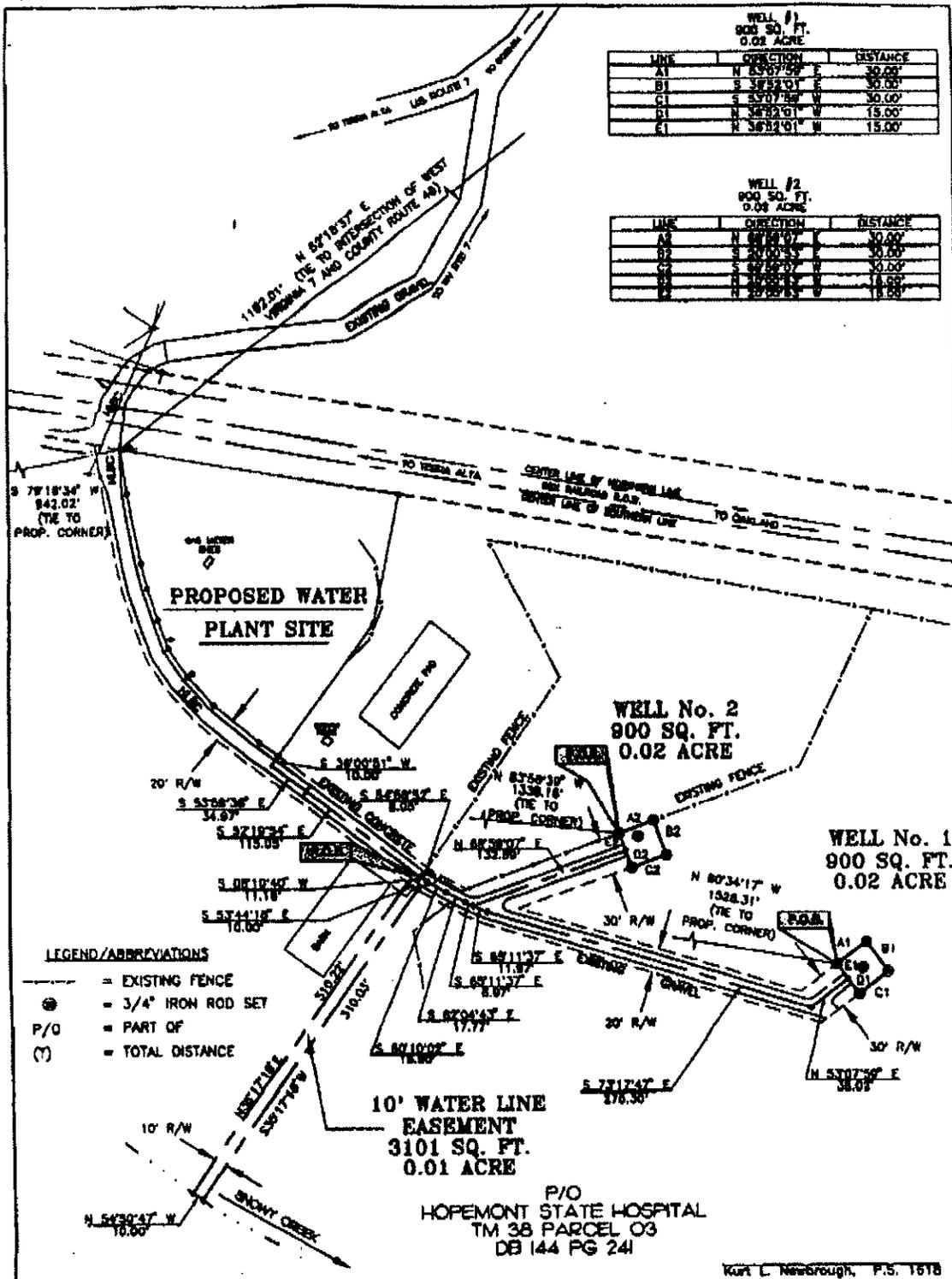
I, Ken Hechler, Secretary of State and Ex Officio Secretary of The Board of Public Works, do hereby certify that the foregoing is a true and correct copy of an Order made and entered by a unanimous majority vote of said Board of Public Works in open session on the 22nd day of December, 1997.

Given under my hand this 22nd day of December, 1997.



Ken Hechler

Ken Hechler
Secretary of State and
Secretary of The Board
of Public Works



WELL #1
900 SQ. FT.
0.02 ACRE

LINE	DIRECTION	DISTANCE
A1	N 83°07'28" E	30.00'
B1	S 38°51'01" E	30.00'
C1	S 33°07'40" W	30.00'
D1	N 38°22'01" W	15.00'
E1	N 38°21'01" W	15.00'

WELL #2
900 SQ. FT.
0.02 ACRE

LINE	DIRECTION	DISTANCE
A2	N 83°07'28" E	30.00'
B2	S 38°51'01" E	30.00'
C2	S 33°07'40" W	30.00'
D2	N 38°22'01" W	15.00'
E2	N 38°21'01" W	15.00'

- LEGEND/ABBREVIATIONS**
- = EXISTING FENCE
 - ⊙ = 3/4" IRON ROD SET
 - P/O = PART OF
 - (T) = TOTAL DISTANCE

**TOWN OF TERRA ALTA WATER WORKS
PROPOSED WATER WELL SITES**

MISC. INFO: BEARINGS BASED ON DEED CALLS DB 144/PG 241. SURVEY PERFORMED WITH A WILD TC-1000 ELECTRONIC TOTAL STATION. THE LINE AS SHOWN ON PLAT.

TAX MAP
38
PARCEL No.
03
JOB. No.
10-003

PLAT SHOWING PROPOSED WATER WELL SITES & 20' & 30' PERMANENT R/W & 10' WATER LINE EASEMENT from HOPEMONT STATE HOSPITAL SITUATE PRESTON COUNTY WEST VIRGINIA
SCALE: 1" = 100'
JUNE 1997

THRASHER
ENGINEERING
339 HICKMAN STREET
CLARKSBURG, WV 26301
REV. 11/97

OWNER: HOPEMONT STATE HOSPITAL FILE NO. \TERRALTA\WELLPLAT
REFERENCE: DB 144 - PAGE 241 DRAWN: CI SURVEY: RW BK:96-39

Kurt L. Newbrough, P.S. 151B

facsimile
TRANSMITTAL

to: Francesca Tan, Esquire
fax #: 624-8183
re: Terra Alta
date: January 31, 1998
pages: 16, including this cover sheet.

Francesca: Enclosed are the additions I would like to the engineer's certificate, and the title opinion. Let me know if you have any questions. Thanks

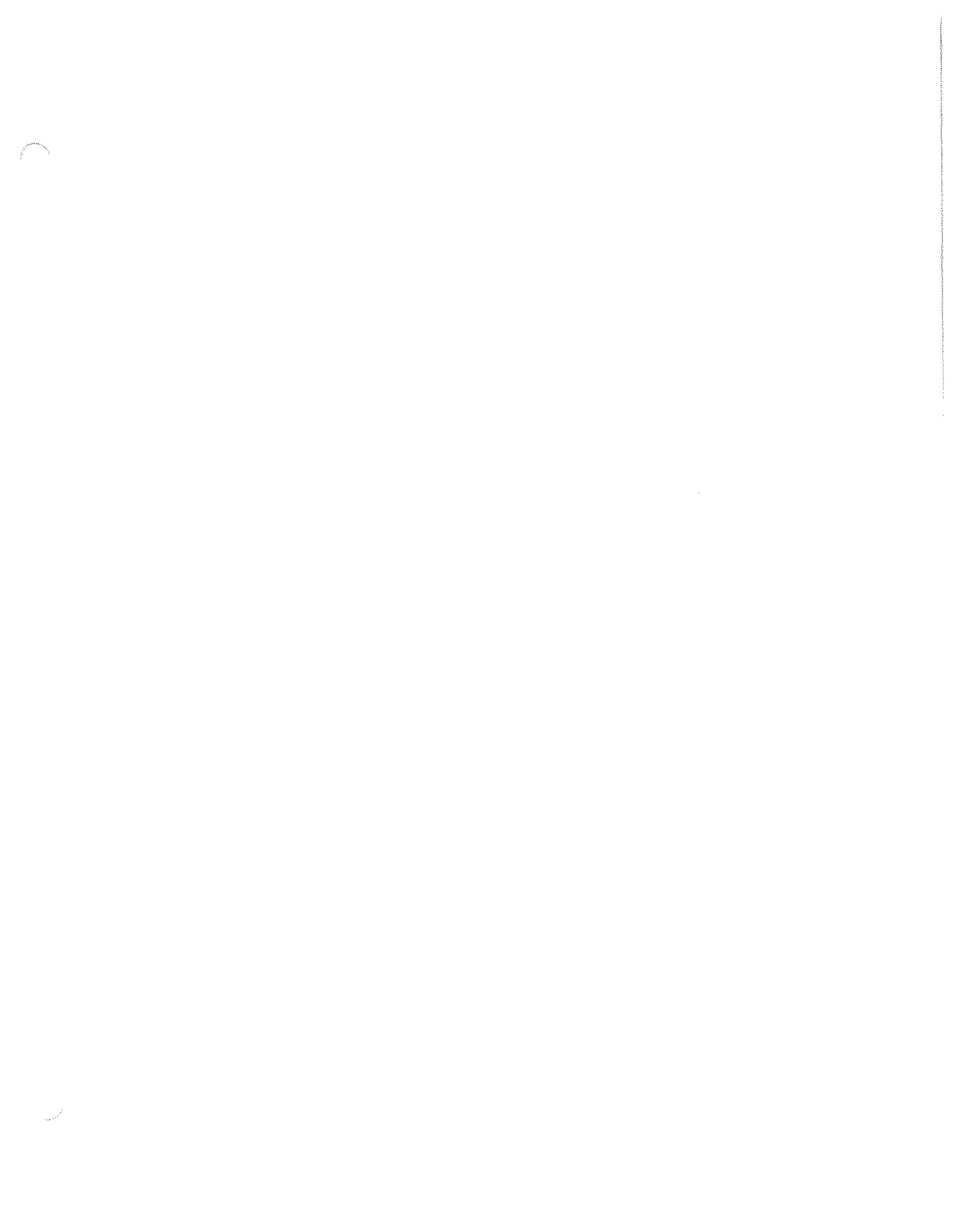


The information contained in this facsimile transmission is confidential information which may contain information that is legally privileged and exempt from disclosure under applicable law. The information is intended solely for the use of the individual or entity named above. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or taking of any action in reliance on the contents of this facsimile transmission is strictly prohibited. If you have received this facsimile transmission in error, please notify us immediately by telephone to arrange for the return of the original transmission to us.

From the desk of...

Susan J. Riggs
Executive Secretary
West Virginia Infrastructure and Jobs
Development Council
980 One Valley Square
Charleston, West Virginia 25301

(304) 558-4607
Fax: (304) 558-4609



TOWN OF TERRA ALTA

**Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)**

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and RECORDER of the Town of Terra Alta, in Preston County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify in connection with the \$520,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, dated the date hereof (the "Bonds"), as follows:

1. **TERMS:** All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly enacted by the Issuer on February 9, 1998, and a Supplemental Resolution duly adopted by the Issuer on March 26, 1998 (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 acquisition and construction of the Project, the operation of the System, the receipt of any Grant proceeds and the Gross Revenues, or the pledge and security

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

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

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into by and between the Issuer and the Authority, on behalf of the Council. The Issuer will provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1994, dated February 8, 1994, issued in the original aggregate principal amount of \$1,395,000 (the "Prior Bonds").

The Series 1998 A Bonds shall be issued on a parity with each other and with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained the written consent of the Holders of the Prior Bonds to the issuance of the Series 1998 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is current and in compliance with all requirements of the Prior Bonds.

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 Order

Infrastructure Council Approval

Town Charter

Oaths of Office of Councilmembers and Officers

Water Rate Ordinance

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

Minutes on Adoption and Enactment of Water Rate
Ordinance

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

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

Evidence of United States Department of
Agriculture Grant and Amended Letter of
Conditions

Evidence of Infrastructure Council Grant

1994 Bond Ordinance

Consent of 1994 Bondholder

NPDES Permit

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

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>	
Charles R. Feather	-	Mayor	July 1, 1997	June 30, 1999
Karen A. Nordeck	-	Recorder	July 1, 1997	June 30, 1999
Stanley Myers	-	Councilmember	July 1, 1997	June 30, 1999
James Johnson	-	Councilmember	July 1, 1997	June 30, 1999
William Phillips	-	Councilmember	July 1, 1997	June 30, 1999
John Burns	-	Councilmember	July 1, 1997	June 30, 1999
Charles Thomas	-	Councilmember	July 1, 1997	June 30, 1999

The duly appointed and acting counsel to the Issuer is Sheila K. Williams, Esquire, of Kingwood, West Virginia.

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

8. **MEETINGS, ETC.:** All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds, the acquisition, construction, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

10. **GRANTS:** As of the date hereof, the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of \$150,500 and the grant from

the United States Department of Agriculture in the amount of \$163,500 are committed and in full force and effect.

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

12. **RATES:** The Issuer has duly enacted water rate ordinances on July 26, 1993, and August 28, 1995, setting rates and charges for the services of the System. The time for appeal of such rate ordinances has expired prior to the date hereof and such rates are currently effective.

13. **SIGNATURES AND DELIVERY:** On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his 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 and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. **BOND PROCEEDS:** On the date hereof, the Issuer received \$62,170 from the Council and the Authority, being more than a de minimis amount of the principal of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

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 Preston County Journal and the Preston County News, two newspapers of general circulation in the Town of Terra Alta, no newspaper being published therein, 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 Council at the public hearing held at a public meeting of Council on the 9th day of February,

1998, at 7:00 p.m., in the Council chambers of the Town Hall of the Town of Terra Alta 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 Recorder. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

16. **PUBLIC SERVICE COMMISSION ORDER:** The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 19, 1997, in Case No. 97-0865-W-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

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

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

19. **NPDES PERMIT:** The Issuer has received the NPDES Permit for the Project. The time for appeal of such NPDES Permit has not expired prior to the date hereof. The Issuer hereby states that it will not appeal such NPDES Permit.

WITNESS our signatures and the official seal of the TOWN OF TERRA ALTA
on this 30th day of March, 1998.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE



Mayor



Recorder



Counsel to Issuer

03/16/98
893600/97002

TOWN OF TERRA ALTA

**Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)**

CERTIFICATE OF ENGINEER

I, H. Wood Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing public waterworks system (the "Project") of the Town of Terra Alta (the "Issuer"), to be constructed primarily in Preston County, West Virginia, which acquisition and construction are being financed in part by proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on February 9, 1998, as supplemented by the Supplemental Resolution adopted by the Issuer on March 26, 1998, and the Loan Agreement dated March 30, 1998, 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").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project, and (ii) paying costs of issuance and related costs.

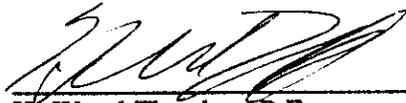
3. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, and as described in the Application submitted to the Council and the Authority, requesting the Authority to purchase the Bonds (the "Application") and any change orders approved by the Issuer and the Council and approved by all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least 40 years; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and are otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified by my firm for accuracy; (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the West Virginia Bureau for Public Health; (vi) the chosen bid includes every construction item necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has

obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for acquisition and construction of the Project and the operation of the System; (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of Section 4.1(b) of the Loan Agreement; (x) the net proceeds of the Bonds, together with the proceeds of grants and other moneys of the Issuer on deposit or to be simultaneously deposited and irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 30th day of March, 1998.

[SEAL]

THRASHER ENGINEERING, INC.



H. Wood Thrasher, P.E.
West Virginia License No. 9478

03/11/98
893600/97002

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL.

SCHEDULE B

Town of Terra Alta Water Works
Water Treatment Plant Project 97W-305

FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	IJDC Loan	RUS Grant	IJDC Grant
1. Construction (Based on Actual Bids)	693,120.00	454,890.00	124,502.00	113,728.00
2. Technical Services	82,800.00	43,400.00	20,488.00	18,912.00
3. Legal & Fiscal	7,520.00	7,520.00		
4. Administrative	3,000.00	3,000.00		
5. Sites and Other Lands				
6. Special or Other Loan Repayment				
7. Interim Financing Costs				
8. Contingency	36,310.00		18,510.00	17,800.00
9. Total of Lines 1 through 8	822,750.00	508,750.00	163,500.00	150,000.00
B. Sources of Funds				
10. Federal Grants:				
a. USDA RUS	163,500.00			
b.				
11. State Grants				
a.				
b.				
12. Other Grants				
13. Any Other Source:				
a. SRF				
b.				
14. Infrastructure Fund Grant	150,500.00			
15. Total of Lines 10 through 14	314,000.00			
16. Net Proceeds Required from Bond Issue (Line 9 minus Line 15)	508,750.00	508,750.00		
C. Cost of Financing				
17. Funded Reserve Account ¹				
18. Other Costs ²				
a. Bond Counsel	11,000.00	11,000.00		
b.	250.00	250.00		
19. Total Cost of Financing (Lines 17 and 18)	11,250.00	11,250.00		
20. Size of Bond Issue (Line 16 plus Line 19)	520,000.00	520,000.00		

Paul R. ...
GOVERNMENTAL AGENCY

Tom P. Watson
CONSULTING ENGINEER

DATE: 3/30/98

DATE: 3/30/98

¹Include the proceeds of any party or subordnate bond issue to be used for such purpose and attach supporting documentation

SMITH & SMITH
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF THE AMERICAN INSTITUTE OF CPAs
AND WEST VIRGINIA SOCIETY OF CPAs

104 North Price Street
Kingwood, West Virginia 26537
Telephone 304.329.2790
Fax 304.329.2791

March 30, 1998

Town of Terra Alta
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

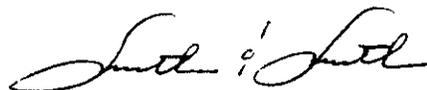
West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Infrastructure and
Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the water rate ordinances of the Town of Terra Alta (the "Issuer") enacted July 26, 1993, and August 28, 1995, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund) to be issued in the original aggregate principal amount of \$520,000. to the West Virginia Water Development Authority on the date hereof and the Issuer's outstanding Water Revenue Bonds, Series 1994, dated February 8, 1994.

Very truly yours,



Smith & Smith, CPAs

Tuesday morning August 5th 1890.

The Court sat pursuant to its adjournment on Saturday.
Present the Hon. Joseph T. Hoke Judge of the 3rd Judicial Circuit.

The proceedings of the Court on Saturday were read and signed.
There being no business before the Court. Ordered, that the Court do adjourn till tomorrow morning 9 o'clock.

Joseph T. Hoke.

Wednesday morning August 6th 1890

The Court sat pursuant to its adjournment on yesterday. Present the same judge.

Charter of }
Town of Cranbury } Ex parte:

For reasons appearing to the Court the order made in this cause on a former day of this term is set aside; and this day came again the petitioners John G. Jones, Parley K. Perry, L. W. Starkey, B. Fraley, W. T. Minto, M. A. Messimus and E. J. Miller inhabitants in the town of Cranbury in this County, and it appearing to the satisfaction of the Court that the order entered herein at the March Term 1890 of this Court has been duly posted for four successive weeks at the front door of the Court-house of this County and published for the same length of time in the "Terra Alta News" a weekly newspaper published in said town of Cranbury in said County, and no person appearing and filing answers to said petition or objecting to the prayer of said petition; On consideration whereof it is adjudged, ordered and decreed that the name of the said town of Cranbury be and the same is hereby changed to the name of Terra Alta by which name the said town shall be hereafter called and known, and that the Charter of incorporation of said town be and the same is hereby so amended and altered that wherever the name of Cranbury appears in the said Charter, the same shall be regarded as the new one and the name of Terra Alta be inserted in lieu thereof.

Joseph T. Hoke
Judge of the Circuit Court of Bristol County.

Wm. H. ...
Clerk of the Circuit Court of Bristol County.

The proceedings of the Court today were read before they were signed.
Ordered that the Court do now adjourn.

Joseph T. Hoke

Circuit Court of Preston County, Special Term

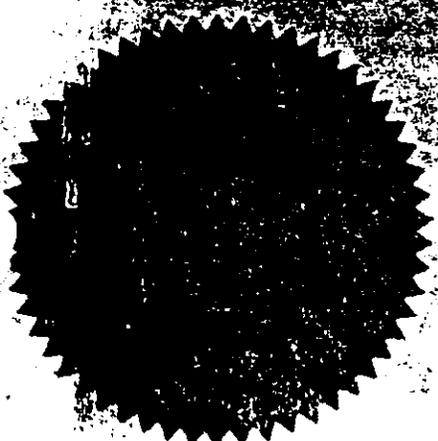
County of Town of Cranberry, Ex parte.

For reasons appearing to the Court in this Cause on a former day of this term, the day came again the petitioners John A. Jones, Starker, B. Fraley, W. T. White, and A. ... of the Town of Cranberry in this Court and to the satisfaction of the Court that the order entered March Term 1890 of this Court, need not be ... sive weeks at the front door of the Court house published for the same length of time in the weekly newspaper published in said town of Cranberry and no person appearing and filing objection to the prayer of said petition, and it is adjudged, ordered and decreed that the Town of Cranberry be and the same is hereby ... Terra Alta by which name the said town shall be and known, and that the Charter of Incorporation of the same is hereby so amended and altered that the name of Cranberry appears in the said charter as recorded is stricken out and the name of Terra Alta substituted therefor.

Justice of the Circuit Court of Preston County

Clerk of the Circuit Court of Preston County

Teste: *J. P. ...*



Sheila Kae Williams

ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET

Kingwood, West Virginia 26537

(304) 329-1173

February 3, 1994

Steptoe & Johnson
Attorneys at Law
6th Floor Bank One Center East
Clarksburg, WV 26302-2190

Attention: Francesca Tan

Re: Town of Terra Alta Water
Revenue Bond Series 1994

Dear Ms. Tan:

Please be advised that the Town of Terra Alta was named Terra Alta by an Order entered in the Circuit Court of Preston County in August, 1890. Prior to said Order the Town of Terra Alta was known as the Town of Cranberry.

There is no record within the Town of Terra Alta, the local library nor in the Court files of the case amending the name of said Town, which sets forth the actual date of incorporation of said Town. It is understood by local historians that the Town of Terra Alta was originally chartered by the Virginia Assembly under the name of Portland and by a later Act the name was changed to Cranberry. There is, however, no record as to the Charter of the Town, the date in which it was chartered nor as to when the Town of Portland became the Town of Cranberry. The only record available is the amendment enclosed herewith.

Without having specific information as to the date on which the Town was originally chartered by the Virginia Assembly or the date on which the West Virginia Legislature took any action, if applicable, it would be impossible to obtain any information in regard to the original charter. In recent contact with the West Virginia Archives and the Supreme Court Law Library, it was ascertained that there is no index available for the Charters granted by the Assembly of Virginia nor for Charters amended or granted by the State of West Virginia. The only means by which such information can be gained is by going through each book for each year individually.

Since the Circuit Court of Preston County in 1890 recognized

the Town of Cranberry as being chartered as such, even though such information is not included within the actual Court record, it would appear that the Town was chartered at some point prior to that date and that said Town has continued to function and operate as a municipality within the State of West Virginia acting under Chapter 8 of the West Virginia Code.

Further, please be advised that the Town of Terra Alta, West Virginia, has not adopted any rules of procedure and general procedural ordinances for said Town. The Town of Terra Alta has adopted Ordinances as necessary in regard to the actual functioning of the Town, such as Water rates, Criminal Ordinances, etc. The Town has not adopted of record any Rules of Procedure as to the governmental actions of the Town of Terra Alta.

Should you have any questions in regard to the matter set forth herein, please advise.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Sheila Kae Williams".

Sheila Kae Williams

SKW/syb

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, CHARLES R. FEATHER do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

discharge the duties of my office of MAYOR

of Preston County, for the TWO YEAR term commencing on the FIRST

day of JULY, 1997, to the best of my skill and judgment. So help me God.

(Sign Here)

Charles R. Feather
236-46-6709

Subscribed and sworn to before the undersigned this 2nd day of July, 1997

Sarah J. Metheny

County Clerk
Kingwood, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, JOHN H. BURNS do solemnly swear that I will support
the Constitution of the United States and the Constitution of this State; and that I will faithfully
discharge the duties of my office of COUNCIL MEMBER OF THE TOWN OF TERRA ALTA
of Preston County, for the TWO YEAR term commencing on the SEVENTH
FIRST
day of JULY, 19 97, to the best of my skill and judgment. So help me God.

(Sign Here) John H. Burns

Subscribed and sworn to before the undersigned this 7th day of July, 19 97

Sarah J. Metheny

County Clerk
Kingwood, W. VA.
WARD 3

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, KAREN NORDECK do solemnly swear that I will support
the Constitution of the United States and the Constitution of this State; and that I will faithfully
discharge the duties of my office of RECORDER
of Preston County, for the TWO YEAR term commencing on the FIRST
day of JULY, 19 97, to the best of my skill and judgment. So help me God.

(Sign Here) Karen Nordeck

Subscribed and sworn to before the undersigned this 2nd day of July, 19 97

Sarah J. Metheny

County Clerk
Kingwood, W. VA.

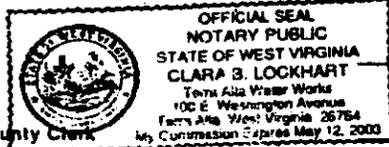
STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, JIM JOHNSON do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of COUNCIL MEMBER OF THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR term commencing on the FIRST day of JULY 1997 to the best of my skill and judgment. So help me God.

(Sign Here) James D. Johnson

Subscribed and sworn to before the undersigned this 1st day of July 1997



Clara B Lockhart

County Clerk
Kingwood, W. VA.

WARD 4 SS # 566-54-7275

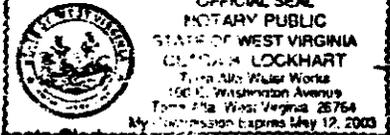
STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, STANLEY MYERS do solemnly swear that I will support the Constitution of the United States and the Constitution of this State; and that I will faithfully discharge the duties of my office of COUNCIL MEMBER OF THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR term commencing on the FIRST day of JULY 1997 to the best of my skill and judgment. So help me God.

(Sign Here) Stanley Myers

Subscribed and sworn to before the undersigned this 1st day of July 1997



Clara B Lockhart

County Clerk
Kingwood, W. VA.

WARD 1 SS # 233-46-7622

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, CHARLES A. THOMAS do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

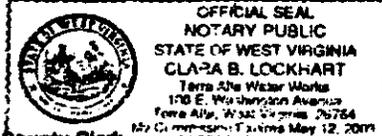
discharge the duties of my office of COUNCIL MEMBER OF THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR term commencing on the FIRST

day of JULY 19 97 to the best of my skill and judgment. So help me God.

(Sign Here) Charles A. Thomas

Subscribed and sworn to before the undersigned this 1st day of July 19 97



Clara B. Lockhart

County Clerk
Kingwood, W. VA.

WARD 2 557

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, WILLIAM U. PHILLIPS, JR. do solemnly swear that I will support

the Constitution of the United States and the Constitution of this State; and that I will faithfully

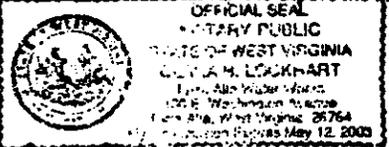
discharge the duties of my office of COUNCIL MEMBER OF THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR term commencing on the FIRST

day of JULY 19 97 to the best of my skill and judgment. So help me God.

(Sign Here) William U. Phillips Jr.

Subscribed and sworn to before the undersigned this 1st day of July 19 97



Clara B. Lockhart

County Clerk
Kingwood, W. VA.

Ward 5 557 216-30-1737

TOWN OF TERRA ALTA
WATER RATE ORDINANCE

AN ORDINANCE SETTING FORTH WATER RATES FOR
GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL
SERVICE, DELAYED PAYMENT PENALTY, RECONNECTION
CHARGE AND CONNECTION CHARGE FOR SERVICE TO
CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF
TERRA ALTA

THE COUNCIL OF THE TOWN OF TERRA ALTA HEREBY ORDAINS: The following schedule of water rates, delayed payment penalty, reconnection charge and connection charge are hereby fixed and determined as the water rates, delayed payment penalty, reconnection charge and connection charge to be charged to customers of the waterworks system of the Town of Terra Alta throughout the territory served:

SECTION 1. SCHEDULE OF RATES

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First:	3,000 gallons used per month	\$5.25 per 1,000 gallons
Next:	5,000 gallons used per month	\$4.64 per 1,000 gallons
Next:	7,000 gallons used per month	\$3.86 per 1,000 gallons
Next:	10,000 gallons used per month	\$2.94 per 1,000 gallons
All over:	25,000 gallons used per month	\$2.42 per 1,000 gallons

MINIMUM BILL

Minimum monthly bill - \$15.75 for 3,000 gallons

MINIMUM CHARGE

5/8 x 3/4 inch meter	\$ 15.75 per month
3/4 inch meter	23.63 per month
1 inch meter	39.38 per month
1 1/2 inch meter	78.75 per month
2 inch meter	126.00 per month
3 inch meter	236.25 per month
4 inch meter	393.75 per month
6 inch meter	787.50 per month
8 inch meter	1,260.00 per month

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within 20 days of the date of bill, 10% will be added to the net amount shown. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

DISCONNECT FOR NON-PAYMENT

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

RECONNECTION CHARGE

Service shall not be restored until all amounts in arrears including penalties plus a reconnection charge of \$11.25 have been paid.

CONNECTION CHARGE

Prior to the start of construction, the connection charge shall be \$250 for dirt or gravel roads and \$350 for concrete or blacktop roads. After the start of construction, the connection charge shall be \$250 for dirt or gravel roads and \$350 for concrete or blacktop roads.

SECTION 2. EFFECTIVE DATE

The water rates, delayed payment penalty, reconnection charge and connection charge provided herein shall be effective upon completion of construction, but in no event prior to 45 days after the enactment hereof.

SECTION 3. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the water rates, delayed payment penalty, reconnection charge and connection charge as herein set forth, 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 and adoption at first reading hereof, the Clerk shall publish a copy of this Ordinance and a notice at least 5 days before the meeting at which this Ordinance is to be finally adopted, one time in The Preston County Journal and the Preston County News, newspapers of general circulation in the Town of Terra Alta, and said notice shall state the subject matter and general title of this Ordinance, that this Ordinance has been introduced and adopted at first reading, and that any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, in Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., which is the date, time and place of the proposed final vote on adoption and be heard with respect to 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 the proposed ordinance shall be available to the public for inspection at the office of the Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.

The above Ordinance has been introduced at a meeting of Council held July 12, 1993.

Passed on First Reading: July 12, 1993

Passed on Second Reading

Following Public Hearing: July 26, 1993

Effective as of: _____, 199__

s/s Robert L. Eichelberger
Mayor

s/s Clara Lockhart
Recorder

CERTIFICATION AND NOTICE

The foregoing Rate Ordinance has been introduced and adopted on first reading at a meeting of the Council held on July 12, 1993. Any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., being the date, time and place of the proposed final adoption of the Rate Ordinance, and be heard with respect to the proposed ordinance. 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 Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.

Dated: July 14, 1993.

s/s Clara Lockhart
Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 26th day of July, 1993.

Dated: February 8, 1994.

[SEAL]

Clara B Lockhart

Recorder

01/28/94
TAWC.G3
89360/92001

PUBLIC NOTICE

OF PUBLIC HEARING ON

TOWN OF TERRA ALTA WATER RATE ORDINANCE

AN ORDINANCE SETTING FORTH WATER RATES FOR GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL SERVICE, DELAYED PAYMENT PENALTY, RECONNECTION CHARGE AND CONNECTION CHARGE FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA. THE COUNCIL OF THE TOWN OF TERRA ALTA HEREBY ORDAINS: The following schedule of water rates, delayed payment penalty, reconnection charge and connection charge are hereby fixed and determined at the water rates, delayed payment penalty, reconnection charge and connection charge to be charged to customers of the waterworks system of the Town of Terra Alta throughout the territory served by the waterworks system.

SECTION 1. SCHEDULE OF WATER

AVAILABILITY OF SERVICE

Water shall be available for residential, commercial and industrial service.

Basic 7,000 gallons used per month \$4.84 per 1,000 gallons
Basic 10,000 gallons used per month \$2.94 per 1,000 gallons
All over 20,000 gallons used per month \$2.12 per 1,000 gallons

MINIMUM BILL

Minimum monthly bill - \$15.75 for 3,000 gallons

MINIMUM CHARGE

Table with 2 columns: Meter size and Monthly charge. Includes 3/4 inch meter (\$15.75), 1 inch meter (\$23.63), 1 1/2 inch meter (\$31.51), 2 inch meter (\$39.39), 3 inch meter (\$47.27), 4 inch meter (\$55.15), 6 inch meter (\$77.50), 8 inch meter (\$120.00).

DELAYED PAYMENT PENALTY

The above tariff is net. On all accounts not paid in full within 20 days of the bill, 10% will be added to the net amount shown. This delayed payment penalty is not intended and is to be collected only for each bill where it is appropriate.

DISCONNECT FOR NON-PAYMENT

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

RECONNECTION CHARGE

Service shall not be restored until all amounts in arrears including penalties plus reconnection charge of \$11.25 have been paid.

CONNECTION CHARGE

Prior to the start of construction, the connection charge shall be \$100 for gravel road and \$500 for concrete or blacktop roads. After the start of construction, the connection charge shall be \$200 for gravel roads and \$300 for concrete or blacktop roads.

SECTION 2. EFFECTIVE DATE

The water rates, delayed payment penalty, reconnection charge and connection charge provided herein shall be effective upon the start of construction, but in no event later than 45 days after the enactment of this Ordinance.

SECTION 3. SEPARABILITY AND 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 any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. From the effective date of the water rates, delayed payment penalty, reconnection charge and connection charge as herein set forth, 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 and adoption at first reading hereof, the Clerk shall publish a copy of this Ordinance and a notice at least 5 days before the meeting at which this Ordinance is to be finally adopted, one time in THE PRESTON COUNTY JOURNAL & PRESTON COUNTY NEWS, newspapers of general circulation in the City of Kingwood, and said notice shall state the subject matter and general title of this Ordinance, that this Ordinance has been introduced and adopted at first reading, and that any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, in Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., which is the date, time and place of the proposed final vote on adoption and be heard with respect to 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 the proposed ordinance shall be available to the public for inspection at the office of the Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.

The above Ordinance has been introduced at a meeting of Council held July 12, 1993.

Passed on First Reading: July 12, 1993
Passed on Second Reading
Following Public Hearing: _____ 1993
Effective as of _____ 1993

s/s Robert L. Eichelberger, Mayor
s/s Clara Lockhart, Recorder

CERTIFICATION AND NOTICE

The foregoing Rate Ordinance has been introduced and adopted on first reading at a meeting of the Council held on July 12, 1993. Any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., being the date, time and place of the proposed final adoption of the Rate Ordinance, and be heard with respect to the proposed ordinance. 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 Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.
Dated: July 14, 1993

s/s Clara Lockhart, Recorder
7/14/17

Carol Peters

I, the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Notice of Public Hearing

a copy of which notice is hereto annexed, was published in said paper for one

successive weeks, beginning with its issue of July 14, 1993

and expiring with its issue of

July 14, 1993

And, I do further certify that on

July 14, 1993

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

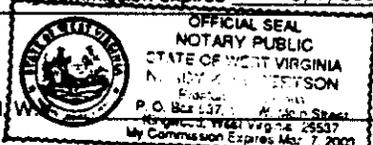
Carol Peters

ADVERTISING MANAGER

Subscribed and sworn to before me this the 14th day of July, 1993

Danny K. Fisher, Notary Public

My commission expires 3/7/2003



for publishing notice hereto \$

ADVERTISING MANAGER

Certificate of Publication

PUBLIC NOTICE

TOWN OF TERRA ALTA WATER RATE ORDINANCE

AN ORDINANCE SETTING FORTH WATER RATES FOR GENERAL DOMESTIC, COMMERCIAL AND INDUSTRIAL SERVICE, DELAYED PAYMENT PENALTY, RECONNECTION CHARGE AND CONNECTION CHARGE FOR SERVICE TO CUSTOMERS OF THE WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA.

THE COUNCIL OF THE TOWN OF TERRA ALTA HEREBY ORDAINS the following schedule of water rates, delayed payment penalty and reconnection charge and hereby fixes and sets the water rates, delayed payment penalty, reconnection charge and connection charge to be charged to customers of the waterworks system of the Town of Terra Alta throughout the territory served.

SECTION 1. SCHEDULE

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

RATES

First 3,000 gallons used per month \$4.25 per month

Next 3,000 gallons used per month \$4.25 per month

Next 3,000 gallons used per month \$4.25 per month

All over: 25,000 gallons used per month \$21.25 per month

MINIMUM BILL

Minimum monthly bill - \$15.75 for 3,000 gallons

MINIMUM CHARGE

5/8 x 3/4 inch meter \$15.75 per month

3/4 inch meter \$23.63 per month

1 inch meter \$31.50 per month

1 1/2 inch meter \$39.38 per month

2 inch meter \$47.25 per month

2 1/2 inch meter \$55.13 per month

3 inch meter \$63.00 per month

3 1/2 inch meter \$70.88 per month

4 inch meter \$78.75 per month

DELAYED PAYMENT PENALTY

The above rates, delayed payment penalty, reconnection charge and connection charge shall be effective upon completion of construction, but in no event prior to 45 days after the enactment hereof.

DISCONNECT FOR NON-PAYMENT

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

RECONNECTION CHARGE

Service shall not be restored until all amounts in arrears including penalties plus a reconnection charge of \$11.25 have been paid.

CONNECTION CHARGE

Prior to the start of construction, the connection charge shall be \$250 for dirt or gravel road and \$350 for concrete or blacktop roads. After the start of construction, the connection charge shall be \$250 for dirt or gravel roads and \$350 for concrete or blacktop roads.

SECTION 2. EFFECTIVE DATE

The water rates, delayed payment penalty, reconnection charge and connection charge provided herein shall be effective upon completion of construction, but in no event prior to 45 days after the enactment hereof.

SECTION 3. SEPARABILITY. REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision or section hereof shall be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. Upon the effective date of the water rates, delayed payment penalty, reconnection charge and connection charge as herein set forth, 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 and adoption at first reading hereof, the Clerk shall publish a copy of this Ordinance and a notice at least 5 days before the meeting at which this Ordinance is to be finally adopted, one time in THE PRESTON COUNTY JOURNAL & PRESTON COUNTY NEWS, newspapers of general circulation in the City of Kingwood, and said notice shall state the subject matter and general title of this Ordinance, that this Ordinance has been introduced and adopted at first reading, and that any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, in Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., which is the date, time and place of the proposed final vote on adoption and be heard with respect to 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 the proposed ordinance shall be available to the public for inspection at the office of the Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.

The above Ordinance has been introduced at a meeting of Council held July 12, 1993.

Passed on First Reading, July 12, 1993

Passed on Second Reading _____ 1993

Following Public Hearing _____ 1993

Effective as of _____ 1993

s/ Robert L. Eichelberger, Mayor
s/ Clara Lockhart, Recorder

CERTIFICATION AND NOTICE

The foregoing Rate Ordinance has been introduced and adopted on first reading at a meeting of the Council held on July 12, 1993. Any person interested may appear before the Council of the Town of Terra Alta in the Council Chambers at the Terra Alta Town Hall, Terra Alta, West Virginia, on the 26th day of July, 1993, at 7:00 p.m., being the date, time and place of the proposed final adoption of the Rate Ordinance, and be heard with respect to the proposed ordinance. 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 Mayor in the Terra Alta Town Hall, Terra Alta, West Virginia.

Dated July 14, 1993.

s/ Clara Lockhart, Recorder
7/14/17

I, Carol Peters, Advertising Manager of the Preston County News, a weekly newspaper published at Terra Alta, West Virginia, do hereby certify that the annexed public notice

Public Hearing

has been published for one consecutive weeks in said newspaper, beginning with the issue of 7-17-93 and expiring with the issue of 7-17-93

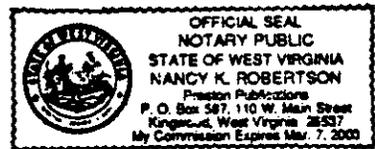
Carol Peters Advertising Manager

Sworn to and subscribed before me this, the

19th day of, July 1993

Nancy K. Robertson Notary Public

My commission expires 3/7/2003



TOWN OF TERRA ALTA COUNCIL MEETING

JULY 12, 1993

Council Members in Attendance: Mayor Robert Eichelberger, Charles Thomas, LaVern Smith, Dwight Haskiell, Cecil Royce, Norman Shaffer

Citizens Attending: Jeniffer Graham, Camille Titchenel, Preston Guardian, Doug Webster, Bob Paugh, Bob Cuppett, Lester Paugh, David Valentine, Al DeVries, Jim Johnson, Denver Gank, R. L. Funk, Jim Foy, Charles Feather, Joe Hartley, Pat Wolfe, Mike Hardesty, John Bryan, Tim Lewis, Gary Glover (TAVFD), Darwin Falkenstine, Kermit Hartley, Bryan Layton, Mike Strawser, Ted Nice, Julie Metheny, Lonnie R. Cramer, Sarah Metheny (cityclerk).

1. Meeting was called to order by Mayor Eichelberger. Minutes of last meeting were read and approved.

2. Pat Wolfe talked about fire tax. He stated the town should drop the Magistrate thing until the users fee contract can be investigated. Sixty per cent of all fires are out of town. People out of town should be charged.

Mr. Thomas stated the only way this problem can be resolved is to take it to court. Mr. Wolfe feels it is unfair for him to have to pay to go to court and others not have to pay. The cost is \$45.00 per suit. The town does not have enough money to take everyone to court. Trial dates have been set. Mr. Wolfe and Mr. Goehl are scheduled for Friday.

Mr. Feather stated the fire tax originated several years ago. It was an assessment collected by the Sheriff's Department. When Mr. Graham became sheriff he refused to collect it. The town, in 1952-53, started to collect the fire tax. It has been ruled by the attorney as legal.

The fire department has put out three fires for Mr. Johnson. Mr. Johnson wants to know what the fire department did with kegs of beer. Beer was furnished at a dance, not sold. A heated discussion followed. Mr. Thomas stated we are getting away from the point. The town is interested in fire tax collection, not the social life of the fire department. We will take the matter to court for a decision. Jim Johnson wanted to know if the fire department can justify calling cards. Mr. Thomas stated calling cards are not necessary. The water works also has calling cards which probably are not necessary.

Approximately \$138. on the C&P phone bill is for the phone being tied in to fire siren. The fire department has started a Special Account. It will include money from membership dues and the pop machine.

Virginia Hopkins will be given the information regarding the fire department and asked for her opinion of legality. Three members living outside the municipality are members of the fire department. Tim Lewis, a volunteer who lives outside town limits, asked Jim Johnson if he would be willing to take his place. Gary Glover stated the by-laws state this organization was formed to fight fires anywhere needed. The by-laws were amended to state members may live two miles or more out of town. LaVern Smith made a motion the information be turned over to Virginia Hopkins, prosecuting attorney, Mr. Thomas 2nd motion

3. Doug Webster would like to have the road ways marked. Mr. Paugh stated Mr. Garlitz built his house on the road. Mr. Haskiell stated he met with Mr. Garlitz. His survey line and Mr. Paugh's survey line do not agree.

Mr. Haskiell stated if you can find the right-of-ways are dedicated to Terra Alta the town controls them. If the town does not own the right-of-way, anybody can go thru. Attorney Sheila Williams stated the right-of-way is probably not a dedicated street. If the street is not dedicated, the property owners will have to battle it out. Mr. Valentine wants to know when Main Street will be fixed. He was told if the people will pay, the road will be paved.

Council is to find out if land is dedicated to town, if so, the town will make a response.. Diverse possession law states the town could sell the land for a designated price. Mr. Feather said there should be maps on the additions.

Mr. Haskiell made a motion we check the maps to see if the alley belongs to the city, then proceed from there. Cecil Royce 2nd motion. Motion carried.

4. There will be a special meeting July 26, 1993, at 7p.m. for the second reading of the water rates. The first reading on the Town of Terra Alta water rates ordinance was tonight, July 12. The ordinance was read. A motion to accept the first reading of the ordinance was made by Dwight Haskiell and 2nd by Cecil Royce. Motion carried.

5. Dwight Haskiell made a motion we approve the Legal Services agreement. LaVern Smith 2nd the motion. Motion carried.

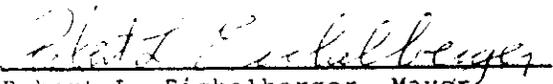
6. Mike Hardesty would like to order 300 tons of cinders and need several items to repair equipment in basement. He has ordered 10 ton cold patch and 10 ton gravel but will need more. They have started painting yellow lines, and need more paint. Teets can sell 5 gallon for \$80.00. Need 10 gallon. Dwight Haskiell ask Mike to see about painting in front of town hall. Paint in red and mark police parking and ten minute parking. Mike Hardesty would like to know if he could have 80 hours comp time pay. Mr. Thomas moved Mike be authorized to get cold patch and cinders (cinders when money is available). Dwight Haskiell 2nd motion. Motion carried. Dwight Haskiell made a motion we buy yellow paint for lines in amount Mike deems necessary. Cecil Royce 2nd motion and motion carried.

7. Sewer Board consists of mayor and two members (not on council) to be legal. Mayor is head of board. Ex-council persons would have to be out of office one year. The Sewer Board will be discussed at next meeting and appointments decided.

7. Charles Thomas moved we pay bill. The motion was 2nd by Dwight Haskiell. Motion passed.

8. Mayor Eichelberger appointed Charles Thomas as a member of the Cemetary Board.

9. Meeting adjourned into executive session.


Robert L. Eichelberger, Mayor


Clara Lockhart, Recorder

TOWN OF TERRA ALTA

SPECIAL MEETING

JULY 26, 1993

Council members attending; Bob Eichelberger, Mayor, Council Members, Dwight Haskiell, Cecil Royce, Norman Shaffer, Lavern Smith. Recorder Clara Lockhart.

Citizens attending; Margaret Sypolt, Robert Linsey, Jim Sypolt, DAVID Glover, William Byrd, Al DeVries, Tony Haskiell and Floyd Teter Jr.

1. The meeting was called to order by Mayor Eichelberger.
2. Items on the Agenda were read. Second reading of new Water Rates, Pay for Sewer; David Glover, Budget Revision, Contract with Hopemont, Ball Field.
3. The notice of new water rates were read by Clara Lockhart and Dwight Haskiell.
4. Floyd Teter Jr asked the following Questions; When will the new rates become effective, projection of rates, expenses of water company and how they were spent, where the new plant will be located, and if any new expenses will cause the rates to change again.
5. Jim Sypolt held a discussion on Wells vs Surface water, and where the new surface water will come from.
6. William Byrd suggested that the Terra Alta Lake, which is being considered for the surface water source, needs dredged, and also that the Power Co. sprayed the lines in that area and there if run off in the Lake from the lines.He also sited that farmers in the region used Lime and Fertlizers which caused run off in the Lake.
7. Rob Linsey asked what percent of the Grant is used for Phase 1
8. Jim Sypolt said that bids will go out in September for the new water lines.

9. Margaret Sypolt asked if the customer would have any additional charges with the new line.

✓ 10. Mr Thomas made a motion to accept the new Water Rates, Dwight Haskiell 2nd. The motion carried.

11. Bob Eichelberger brought up the situation of Dave Glover, and his pay. It was decided that it should be brought before the executive session.

12. Dwight Haskiell requested that the matter of the Ballfield be heard next, since Tony Haskiell was present to answer questions about it. Bob Eichelberger explained the problem of the Terra Alta Park account. The park fund does not have monies available to pay for their water bill and to pay Junior DeWitt to mow. It was requested that the Little League help with expenses since they use the fields and also have a way to make an income. Dwight explained the position of the Youth League and didn't feel that the league should have to pay any of the Park expenses. Bob E. said that mowing could be done by the Youth League, and Dwight Haskiell agreed. Tony Haskiell explained that Ball Park is being used and funded by the Youth League, and they had held a meeting and agreed to pay the city \$100.00 for the year to help with expenses. Dwight Haskiell explained that the league was going to put new fence up along the Lake Road. Dwight and Tony agreed to have some one from the League to mow the Ball Field. Mr. Thomas said that we need better communication between the Youth League and the City Council. Mr. Thomas moved that we table the discussion until we get more information on the bills and expenses. Cecil Royce 2nd the motion carried.

13. Mr Thomas made a motion that they accept the Budget revision. Cecil Royce 2nd the motion carried.

14. Jim Sypolt reported that the contract with Hopemont for the Water System was approved by the Water Board. Mr Thomas made a motion to accept the agreement, Dwight Haskiell 2nd the motion carried.

Robert S. Eichelberger

Bob Eichelberger, Mayor

Clara Lockhart

Clara Lockhart, Recorder

Certificate of Publication

LEGAL NOTICE
TOWN OF TERRA ALTA
NOTICE OF PUBLIC HEARING ON
WATER REVENUE BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the Town of Terra Alta (the "Town") to be held on February 9, 1998, at 7:00 p.m., in the Council chambers at the Terra Alta Town Hall, 100 East Washington Avenue, Terra Alta, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$520,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 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 THE BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on January 26, 1998.

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 said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the Town. The bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder of the Town for review by interested parties during regular office hours.

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

Dated: January 31, 1998.

s/s Karen Nordeck
Recorder
1/31,2/7

I, Carol Peters, Advertising Manager of the Preston County News, a weekly newspaper published at Kingwood, West Virginia, do hereby certify that the annexed public notice

Water Revenue Bond Ordinance
has been published for two
consecutive weeks in said newspaper,
beginning with the issue of 1/31
and expiring with the issue of 2/7

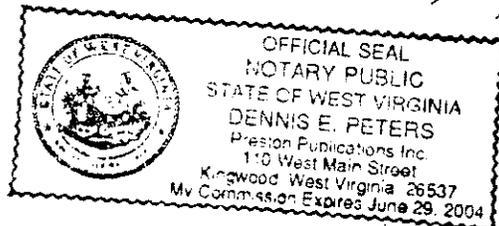
Carol Peters, Advertising Manager

Sworn to and subscribed before me
this, the

2nd day of, February 19 98

Dennis Peters, Notary Public

My commission expires 6/29/2004



Certificate of Publication

LEGAL NOTICE
TOWN OF TERRA ALTA
NOTICE OF PUBLIC HEARING ON
WATER REVENUE BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the Town of Terra Alta (the "Town") to be held on February 9, 1998, at 7:00 p.m., in the Council chambers at the Terra Alta Town Hall, 100 East Washington Avenue, Terra Alta, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$520,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 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 THE BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on January 26, 1998.

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 said Ordinance. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public waterworks system of the Town. The bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the Town. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the Recorder of the Town for review by interested parties during regular office hours.

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

Dated: January 28, 1998.

s/ Karen Nordeck
Recorder
1/28/24

I, Carol Peters

the undersigned Advertising Manager of The Preston County Journal, a weekly newspaper of general circulation, published at Kingwood, Preston County, West Virginia, do hereby certify that the notice

Water Revenue Bond Ordinance

a copy of which notice is hereto annexed, was

published in said paper for two

successive weeks, beginning with its issue of

1/28

and expiring with its issue of

2/4

And, I do further certify that on

2/4

I posted and left posted, a copy of said notice at the front door of the Courthouse of said county.

Carol Peters

ADVERTISING MANAGER

Subscribed and sworn to before me this the

28th day of January, 1998

Dennis Peters

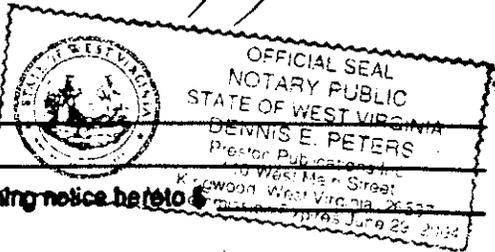
NOTARY PUBLIC

My commission expires 6/29/2007

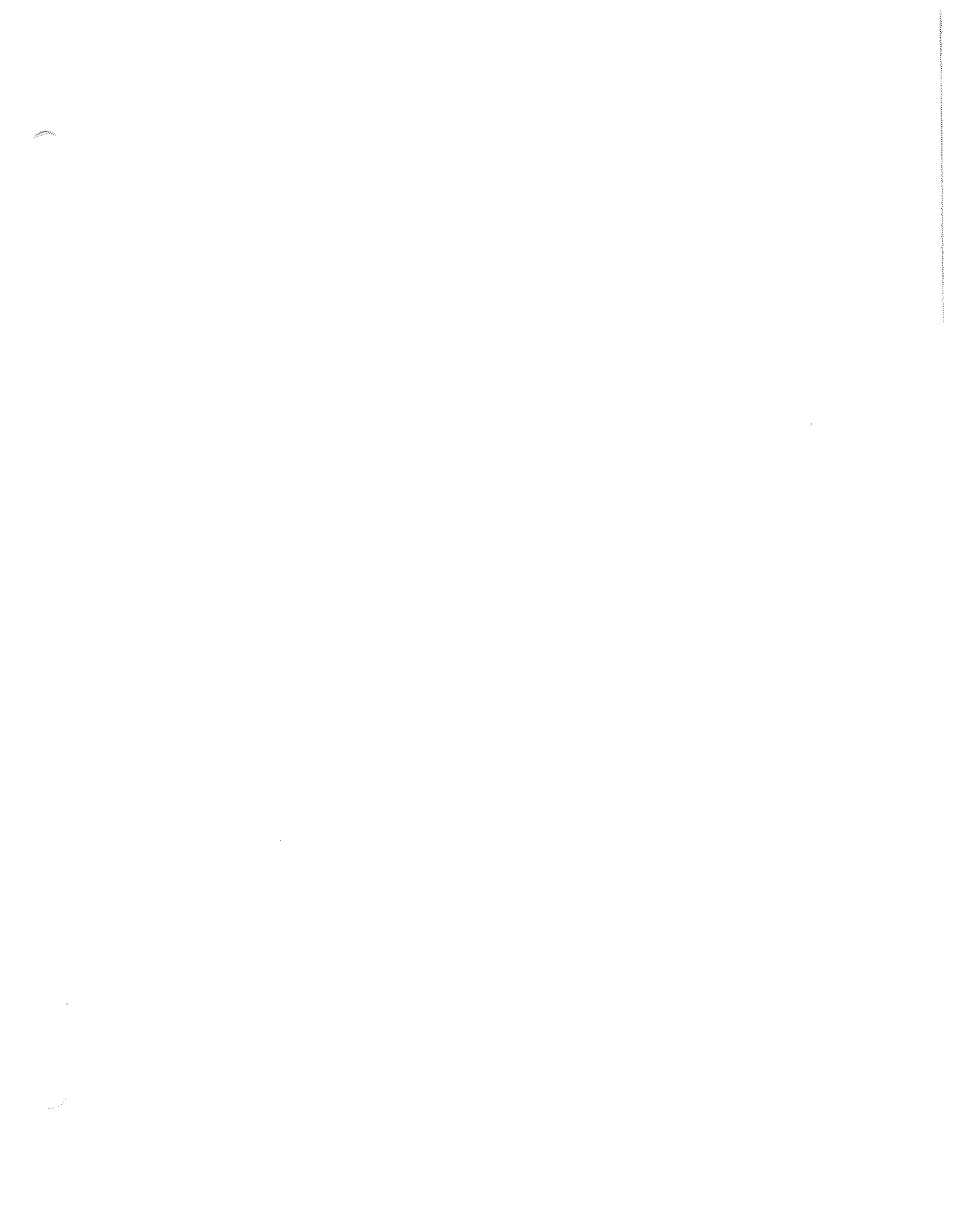
Kingwood, W.V.

Received of

Amount for publishing notice hereto \$



ADVERTISING MANAGER



Town of Terra Alta

Town of Terra Alta Council Meeting
January 12, 1998

Members Present: Mayor Charles Feather, Councilmen Bill Phillips, Charles Thomas, Stanley Myers and John Burns.

Others Attending: City Clerk, Sarah Metheny, Jim Sypolt, Jonathan Childers, Justin Feather, Jeremy Pingley, Jason Nice, Roger Feather, Doug Keller, Ted Nice, Mike Strawser, Sharon Haskiell, June Thomas, and Heather Nann Davis (The Dominion Post).

The meeting was called to order by Mayor Feather at 7pm.

Kim Brady from Region VI was in attendance to present several items for approval.

A resolution giving Mayor Feather authority to sign a contract with the State of West Virginia for the Sewer Project was presented. Charles Thomas moved that the resolution be adopted. Bill Phillips seconded. Motion Passed.

A resolution giving Mayor Feather authority to enter into a contract with Region VI regarding the Sewer Project was also presented. John Burns moved to adopt the resolution. Charles Thomas seconded. Motion passed.

Bill Phillips moved we adopt the Section 504 Transition Plan, which states, the Town will award contracts for improvements to make City Hall handicap accessible when the money becomes available. Stanley Myers seconded. Motion passed.

The Water Board approved payment of \$6100 to Region VI for services from 1994-1997 for the Water Improvements Project. Charles Thomas moved to approve this payment. John Burns seconded. Motion passed.

Charles Thomas moved we approve Sheila Williams contract for the Water Plant Project. Stanley Myers seconded. Motion passed.

✓ Bill Phillips moved that we accept the first reading of the Ordinance Authorizing the Acquisition and construction of additions, betterment's, and improvements to the existing public waterworks system of The Town of Terra Alta. John Burns seconded. Motion passed. The second reading will be January 26th, and the third reading and Public meeting will be February 9, 1998.

Charles Thomas moved we adopt the Resolution to consent to assignment and transfer of CATY Franchise. Bill Phillips seconded. Motion passed.

Town of Terra Alta

The minutes of the Special Meeting from December 15, 1997 were read. Charles Thomas moved to accept the minutes as read. John Burns seconded. Motion passed.

The Bills and amounts were read. Charles Thomas moved that the bills be paid. John Burns seconded. Motion passed.

Bids for a used oil furnace for the Recycling building were discussed. John Burns moved we accept the bid from Lewis and Burge. Stanley Myers seconded. Motion passed.

Jim Sypolt reported to Council that he was asked to clean up the lot owned by Dewey Moats. Jim is waiting for payment before he begins work.

John Burns moved that the Water Works pay Beitzel approximately \$2500.00 for work at Hopemont. Charles Thomas seconded. Motion passed.

Doug Keller addressed council regarding his trash pick-up. He stated that in December of 96 his trash was not picked up and he will not pay for services he did not receive. Bill Phillips moved that we take the \$20 previous balance off of his bill. Charles Thomas seconded. Motion Passed. Doug questioned the Sewer Surcharge- could it be used to dredge the creek. Mayor Feather said no, we are not allowed to use the money for that. Doug also complained about dogs in town barking all night. The town receives money from dog taxes. Maybe the police could go to the owners and give warnings. The Mayor will send someone to talk to the owner and will check to see if there is a law regarding barking dogs. Doug questioned the council's use of an agenda, he felt that since the Council meetings are public, you should not have to sign up to speak. It was stated that the meetings are more orderly if an agenda is followed.

Charles Thomas brought in an article stating the local fire department will be receiving State funds in quarterly payments. He also stated that some of our Christmas decorations are getting a little worn. Maybe a committee should be appointed to check on this. He also questioned why the street sweeper is setting on the outside.

Charles Feather appointed Doug Keller to head a committee for checking on Christmas decorations. He is to pick two people to serve with him.

John Burns is to order tile and other supplies needed for the Social Room.

Bill Phillips asked about the house on High Street that is partially burned. The Health Department sent the owners a letter, but no action has been taken. Charles Feather suggested that maybe in the Spring if allowed we might pile up the trash and burn it.

Town of Terra Alta

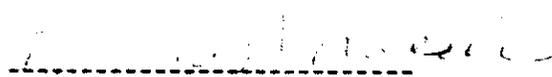
Stanley Myers reported that part of the Brandonville Pike will be paved. Residents along the road should be required to put in culverts in their private drives. The Town needs to check to see what needs to be done.

A letter was received from the Governor regarding the Main Street Program. Three communities will be accepted and put under the program. Anyone interested in attending the Town would probably pay expenses.

John Burns moved to adjourn. Bill Phillips seconded. Motion passed.



Mayor



Town Recorder

Town of Terra Alta
Town of Terra Alta Special Council
Meeting
January 26, 1998

Members Present: Mayor Charles Feather, Councilmen Bill Phillips, Charles Thomas, Stanley Myers, Jim Johnson and John Burns.

Others Attending: City Clerk, Sarah Metheny.

The meeting was called to order by Mayor Feather at 7:30 p.m..

✓ John Burns moved that we accept the second reading of the Ordinance Authorizing the Acquisition and construction of additions, betterment's, and improvements to the existing public waterworks system of The Town of Terra Alta. Bill Phillips seconded. Motion passed.

Bill Phillips made a motion to amend the minutes of the September 9, 1996 meeting to reflect that the Town of Terra Alta Council awarded the well contract to Lane, Ohio construction in the amount of \$85,785. Charles Thomas seconded and the motion passed.

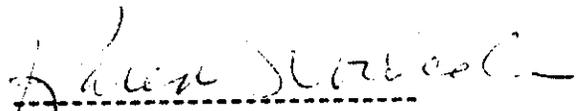
Regarding the street by Tom Layton, the town plows up to the end of town limits, but we have no where to put the snow unless we push the snow over the hill. Jim Johnson stated that the town plow should not go out of town for any reason. Is there an option to plowing only in town and getting the snow out of the middle of the road? The matter was tabled. The council was to look at the street and make a decision at the regular meeting in February.

Charles Thomas made a motion that the work hours at City Hall be 7:30 a.m. to 4:00 p.m. Bill Phillips seconded and the motion passed.

Stanley Myers moved to adjourn, Jim Johnson seconded, and the motion passed.



Mayor



Town Recorder

*Town of Terra Alta Council Meeting
February 9, 1998*

Members Present: Mayor Charles Feather, Councilmen Bill Phillips, Charles Thomas, Stanley Myers and Jim Johnson.

Others Attending: City Clerk, Sarah Metheny, Tom & Martha Layton, Ted Nice, Ken Barnard, Mike Strawser, Ross Pase, Wayne DeBerry, Stanley Nine, and Kim Brady, Region VI.

✓ The meeting was called to order by Mayor Feather at 7pm. Previous to the third reading of the Water Ordinance, the citizens were asked for comments regarding the Ordinance. No opinions were expressed. Charles Thomas made a motion the Ordinance authorizing the Acquisition and construction of additions, betterments, and improvements to the existing public waterworks system of the Town of Terra Alta be adopted. Stanley Myers seconded, and the motion passed. This was the third and final reading.

Kim Brady presented the Governors Community Partnership Grant Application for the Snowy Creek Restoration Project. Charles Thomas made a motion we adopt the Resolution for the Snowy Creek Project. Bill Phillips seconded. Motion passed.

The minutes from the January 12, 98 meeting were read. Kim Brady stated the Resolutions and payments approved should state which project is involved. Charles Thomas moved the minutes be approved with corrections being made as stated. Stanley Myers seconded. Motion passed.

The bills and amounts were read. Bill Phillips moved the bills be paid. Jim Johnson seconded. Motion passed.

A bill from Thrasher Engineering in the amount of \$56,942.18 for designing fees for the Wastewater Project was presented. Charles Thomas made a motion the bill be paid contingent upon approval by the Sewer Board. Stanley Myers seconded. Motion passed.

A motion was made by Bill Phillips to adopt a resolution authorizing Mayor Feather to sign for and receive on behalf of the Town of Terra Alta any and all Federal and State funds as they relate to planning, design, or construction of Waste Water facilities. Stanley Myers seconded. Motion passed.

Doug Keller has added Charles Wishart to his Christmas decorations committee.

Gary Grimm, Jr. requested permission to use the alley on the east side of the old Grade School to enter a garage in back of the house on State Avenue. Jim Johnson made a motion he be allowed to use the alley strictly at his expense-the Town will not maintain it. Bill Phillips seconded. Motion passed.

Jim Johnson recommended the snow plow go to city limits and no further. Regarding the Tom Layton property, the plow can move the snow to the left or right and back out. Charles Thomas stated with the contingency there is, the decision needs to be made by law. Bill Phillips moved that we continue as is until a ruling is

Town of Terra Alta

obtained from our Lawyer and PSC. Motion died for lack of a second. Mayor Feather stated the plow will not go outside of city limits.

Bill Phillips wants to know what we are going to do about the dog problem. Mayor Feather stated we would try to have one of the County Commissioners at the next Council meeting.

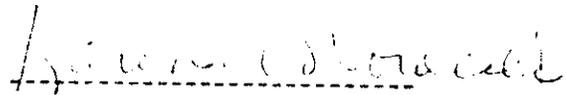
Jim Johnson stated the charges for hookup of Tom Layton's water line is questionable. He stated there should be a special meeting to discuss this. Jim Johnson moved a special meeting be held in 2 weeks, February 23rd, to have Jim Sypolt discuss this. The work sheet Jim Johnson presented should be sent to PSC to be checked for accuracy. Charles Thomas seconded. Motion passed.

Tom Layton said Arlington Street is a fifty foot street, but there is not enough room to pass another vehicle. Trees on the DeBerry property are in the street and need to be removed. When spring comes, the road will be checked out and corrections made, if necessary.

Jim Johnson moved to adjourn. Charles Thomas seconded. Motion passed.



Mayor



Town Recorder

*Town of Terra Alta Special Council
Meeting
March 26th, 1998*

Members Present: Mayor Charles Feather, Councilmen Bill Phillips, Charles Thomas, John Burns, Stanley Myers, and Town Recorder, Karen Nordeck.

The meeting was called to order by Mayor Feather at 7pm.

Mayor Feather read The Supplemental Resolution providing as to principal amount, date, maturity date, interest rate, interest and principal payment dates, sale prices and other terms of the water revenue bonds, series 1998 A (West Virginia Infrastructure Fund), of the Town of Terra Alta: ratifying and approving a loan agreement relating to such bonds; authorizing and approving 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. John Burns moved to adopt the resolution, Charles Thomas seconded, and the motion passed.

Mayor Feather then read the resolution of the Town of Terra Alta approving invoices relating to construction and other services for the proposed water project and authorizing payment thereof. John Burns moved to adopt this resolution, Bill Phillips seconded, and the motion passed.

Garbage bills were discussed, and it was decided that rates will stand as is for now. Rates will be reviewed at a later date to determine if the Town can continue to operate at break-even with the current rates, or if there is a need for a rate increase.

The new budget was reviewed. Bill Phillips moved to approve the budget, Stanley Myers seconded, and the motion passed.

Spring clean-up was discussed. It was decided to hold the clean-up during the week of April 27 - May 1, 1998. Large items will be picked up at half price during this time. Junior DeWitt is to check and see if the land fill will be sponsoring free dumping this year. If so, Council will set a date to coincide with the land fill.

Mayor Feather requested each Council member to come up with a list of dilapidated buildings within their wards that need repair. The Town will be sending out letters to all who need to take care of these buildings.

Bill Phillips moved to adjourn. Charles Thomas seconded. Motion passed.

Mayor

Karen A. Nordeck

Town Recorder

WV MUNICIPAL BOND COMMISSION

812 Quarrier Street
Suite 300
Charleston, WV 25301
(304)558-3971

NEW ISSUE REPORT FORM

Date of Report: March 30, 1998

(See Reverse for Instructions)

ISSUE: TOWN OF TERRA ALTA
Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund)

ADDRESS: 100 East Washington Avenue, Terra Alta, WV 26764 COUNTY: Preston

PURPOSE New Money Refunding Refunds Issue(s) dated: _____

ISSUE DATE: March 30, 1998 CLOSING DATE: March 30, 1998

ISSUE AMOUNT: \$ 520,000 ^{1ST DRAW} 62,170 RATE: 0%

1st DEBT SERVICE DUE: 12/1/98 1st PRINCIPAL DUE: 12/1/98

1st DEBT SERVICE AMOUNT: \$3,312.10 PAYING AGENT: West Virginia Municipal Bond Commission

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

CLOSING BANK: The Terra Alta Bank

Contact Person: Kenneth Frankhouser

Phone: 789-2436

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Charles Feather

Position: Mayor

Phone: 789-6664

FAX: _____

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: Sanne L. Gee, Esq.

Phone: 340-1318

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

OTHER: WV Infrastructure & Jobs Development Council

Contact Person: Susan Riggs

Function: Executive Director

Phone: 558-8607

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: RR = 13,249 37 37 RID 110.40 begin 9/1/98

RID 1,104.03 begin 9/1/98

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

TOWN OF TERRA ALTA

**Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)**

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

THE TERRA ALTA BANK, Terra Alta, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Terra Alta (the "Issuer"), enacted February 9, 1998, and a Supplemental Resolution of the Issuer adopted March 26, 1998 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated March 30, 1998, in the aggregate principal amount of \$520,000 (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 30th day of March, 1998.

THE TERRA ALTA BANK



Executive Vice President

03/16/98
893600/97002

TOWN OF TERRA ALTA

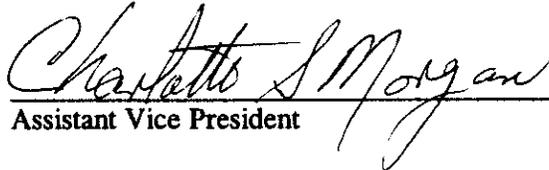
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Terra Alta Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated March 30, 1998, in the principal amount of \$520,000 ("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 30th day of March, 1998.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

03/11/98
893600/97002

1

2

3

4

TOWN OF TERRA ALTA

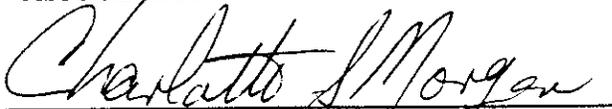
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Town of Terra Alta (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Town of Terra Alta Water Revenue Bond, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, dated March 30, 1998, in the principal amount of \$520,000, numbered AR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 30th day of March, 1998.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

03/11/98
893600/97002

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 30th day of March, 1998, by and between the TOWN OF TERRA ALTA, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$520,000 Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund) in fully registered form (the "Bonds"), pursuant to a Bond Ordinance enacted by the Issuer on February 9, 1998, and a Supplemental Resolution adopted by the Issuer on March 26, 1998 (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, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the 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 Terra Alta 100 East Washington Avenue Terra Alta, West Virginia 26764 Attention: Mayor
REGISTRAR:	One Valley Bank, National Association Post Office Box 1793 One Valley Square Charleston, West Virginia 25326 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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 day and year first above-written.

TOWN OF TERRA ALTA



Mayor

ONE VALLEY BANK, NATIONAL
ASSOCIATION



Assistant Vice President

03/11/98
893600/97002

EXHIBIT A

[Included in transcript as Document No. 1]



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

ASSOCIATION WATER OR SEWER SYSTEM GRANT AGREEMENT

THIS AGREEMENT dated July 22, 1991, 19 , between
TOWN OF TERRA ALTA

a public corporation organized and operating under Chapter 8, Article 19 of the West Virginia Code

(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Farmers Home Administration, Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement of a (water) (sewer) system to serve the area under its jurisdiction at an estimated cost of \$ 2,620,000.00 and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 2,020,000.00 of the development costs through revenues, charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 2,020,000.00 has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 600,000.00 or 75% percent of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor. Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part, at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with the conditions of the grant.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to Section 306 (a) of the Consolidated Farm and Rural Development Act for the purpose only of defraying a part not to exceed 75% percent of the development costs, as defined by applicable Farmers Home Administration instructions.

GRANTEE AGREES THAT GRANTEE WILL:

- A. Cause said project to be constructed within the total sums available to it, including said grant, in accordance with the project plans and specifications and any modifications thereof prepared by Grantee and approved by Grantor.
- B. Permit periodic inspection of the construction by a representative of Grantor during construction.
- C. Comply with any measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- D. Comply with all applicable state and federal laws and regulations and manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.
- E. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, as properly adopted by the Town of Terra Alta and

whether for one or more classes of service ~~as proposed by reasonable means~~ as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0074), Washington, D.C. 20503.

27A

F. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

G. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within jurisdiction.

H. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

I. To execute Forms FmHA 400-1, "Equal Opportunity Agreement," and FmHA 400-4, "Assurance Agreement," and any other agreements required by Grantor which Grantee is legally authorized to execute. If any such forms have been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this Grant, another form of the same type need not be executed in connection with this Grant.

J. Upon any default under its representations or agreements set forth in this instrument, or in the instruments incident to the awarding of the grant, Grantee, at the option and demand of Grantor, to the extent legally permissible, will repay to grantor forthwith the original amount of the grant received with the interest accruing thereon from the date of default at the market rate for water and waste disposal loan assistance in effect on the date hereof or at the time the default occurred, whichever is greater. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it of previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

K. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

L. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantor may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency and pay the Federal Government an amount computed by applying the Federal percentage of participation in the cost of the original project to the proceeds from sale (after deducting actual and reasonable selling and fix-up expenses, if any, from the sale proceeds). When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

The Grant Agreement covers the following described real property (use continuation sheets as necessary).

Approximately 11 miles of water distribution lines, a new "green sand" filter, a reconditioned water treatment plant, a reconditioned 200,000 gallon storage tank and all appurtenances thereto, and all rights-of-way and real property related thereto.

M. Abide by the following conditions pertaining to nonexpendable personal property which is furnished by the Grantor or acquired wholly or in part with grant funds. Nonexpendable personal property means tangible personal property having a useful life of more than one year and an acquisition cost of \$300 or more per unit. A Grantee may use its own definition of nonexpendable personal property provided such definition would at least include all tangible personal property as defined above.

1. Use of nonexpendable property.

(a) The Grantee shall use the property in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the property in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by FmHA.

(2) Activities sponsored by other Federal agencies.

(b) During the time that nonexpendable personal property is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the property was originally acquired. First preference for such other use shall be given to FmHA sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of nonexpendable property. When the Grantee no longer needs the property as provided in paragraph (a) above, the property may be used for other activities in accordance with the following standards:

(a) Nonexpendable property with a unit acquisition cost of less than \$1,000. The Grantee may use the property for other activities without reimbursement to the Federal Government or sell the property and retain the proceeds.

(b) Nonexpendable personal property with a unit acquisition cost of \$1,000 or more. The Grantee may retain the property for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the Grantee has no need for the property and the property has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the property exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee request and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the property and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share \$100 or ten percent of the proceeds, whichever is greater, for the Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the property elsewhere the Grantee shall be reimbursed by the benefitting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the property, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for nonexpendable personal property shall also include:

(a) Property records which accurately provide for: a description of the property; manufacturer's serial number or other identification number; acquisition date and cost; source of the property; percentage (at the end of budget year) of Federal participation in the cost of the project for which the property was acquired; location, use and condition of the property and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years to verify the existence, current utilization, and continued need for the property.

(c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented.

(d) Adequate maintenance procedures shall be implemented to keep the property in good condition.

(e) Proper sales procedures shall be established for unneeded property which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described nonexpendable property (use continuation sheets as necessary).

NA

N. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.

2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.

3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.

4. Accounting records supported by source documentation.

O. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm copies may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

P. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

Q. Provide an audit report prepared in sufficient detail to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

R. Agree to account for and to return to Grantor interest earned on grant funds pending this disbursement for program purposes when the Grantee is a unit of local government or a nonprofit organization. States and agencies or instrumentalities of states shall not be held accountable for interest earned on grant funds pending their disbursement.

S. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in items K and L above.

T. Include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

U. In construction contracts in excess of \$2,000 and in other contracts in excess of \$2,500 which involve the employment of mechanics or laborers, to include a provision for compliance with Sections 103 and 107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR, Part 5).

V. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of Section 114 of the Clean Air Act (42 U.S.C. §1875C-9) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. Such regulations and guidelines can be found in 40 CFR 15.4 and 40 FR 17126 dated April 16, 1975. In so doing the Contractor further agrees:

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR 15.20 as of the date of contract award.

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

W. The following clause is applicable to nonprofit organizations:

As a condition of this Grant or Cooperative Agreement, the recipient assures and certifies that it is in compliance with and will comply in the course of the Agreement with all applicable laws, regulations, Executive Orders and other generally applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated in this Agreement by reference, and such statutory provisions as are specifically set forth herein.

GRANTOR AGREES THAT IT:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$ 600,000.00

which it will advance to Grantee to meet not to exceed 75% percent of the development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

TERMINATION OF THIS AGREEMENT

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in Paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

IN WITNESS WHEREOF Grantee on the date first above written has caused these presence to be executed by its duly author-

ized Mayor

and attested and its corporated seal affixed by its duly authorized Recorder

ATTEST:

Deborah B. Allen

City Clerk
(Title)

By James D. Foy
James D. Foy

Mayor
(Title)

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By David R. Nicholson
David R. Nicholson

District Director

2/8/94
(Date)

*U.S. Government Printing Office: 1990-717-014/03831



United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
Telephone: (304) 291-4796
Fax: (304) 291-4159
TTY/TDD: (304) 284-5941

March 12, 1998

The Honorable Charles R. Feather
Mayor, Town of Terra Alta
100 East Washington Avenue
Terra Alta, WV 26764

Amendment No. 1 to
Letter of Conditions

Dear Mayor Feather:

This letter, with Attachment 1 amends the letter of conditions dated July 22, 1991 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your request. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by the Rural Utilities Service (RUS) by written amendment to this letter. Any changes not approved by RUS shall be cause for deobligating the remaining grant funds.

The Rural Utilities Service Water and Waste Disposal Loan and Grant Program is administered by USDA - Rural Development, formerly known as the Farmers Home Administration.

This letter is not to be considered as representation to the availability of funds. The docket may be completed on the basis of an RUS grant in the amount of \$163,500, and other funding in the amount of \$670,500, for a total project cost of \$834,000. The other funding is planned in the form of a loan in the amount of \$520,000 and a grant in the amount of \$150,500, both from the West Virginia Infrastructure and Jobs Development Council.

Subject to the requirements noted herein, all of the conditions of the July 22, 1991 letter of conditions remain in effect and must be satisfied prior to construction.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Agreement (RUS Bulletin 1780-13) (Engineer Copy)
- Attachment No. 3 - Supplemental General Conditions (RUS Bulletin 1780-14) (Engineer Copy)

The conditions referred to above are as follows:

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from the amendment to this letter.
2. Engineering Services - It will be necessary for you to obtain the services of an engineer. For your convenience, Form RD 1942-19, "Agreement for Engineering Services," or EJCDC No. 1910-1, "Standard Form of Agreement between Owner and Engineer for Professional Services" may be used to obtain the services of an engineer and are enclosed for your use.
3. Legal Services - You must obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
4. Facility Control - Prior to advertisement for construction bids, you must furnish satisfactory evidence that you have or can obtain adequate continuous and valid control over the lands and rights needed for the project. Such evidence must be in the following form:
 - a. A right-of-way map showing clearly the location of all lands and rights needed for the project. The map must designate public and private lands and rights and the appropriate legal ownership thereof.
 - b. A copy of deeds, contracts or options for any lands needed other than rights-of-way, along with a preliminary title opinion covering such lands. Form RD 1927-9, "Preliminary Title Opinion" may be used. In the case of your existing system or where the Town already acquired real property (land or facilities), a preliminary title opinion(s) concerning all such property(s) will be provided.
 - c. A narrative opinion from your attorney concerning all permits, certifications and other items necessary to show that all legal requirements can be met and

stating how they will be met. This narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled.

- d. A certification and legal opinion relative to title to rights-of-way and easements. Form RD 442-22, "Opinion of Counsel Relative to Rights-of-Way," may be used. This form may contain a few exceptions such as properties that must be condemned; however, prior to the start of construction or loan closing, whichever occurs first, a new Form RD 442-22, must be provided which does not provide for any exceptions.
 - e. On the day of loan closing, the Town's attorney must furnish final title opinions on all land(s) being acquired. Form RD 1927-10, "Final Title Opinion" may be used. In the case of your existing system or where the Town has already acquired real property(s) (land or facilities), the Town's attorney will provide a separate final title opinion(s) covering such property(s) on the day of loan closing.
5. Permits - Copies of all permits needed for the project must be provided for review prior to advertisement for construction bids. Such permits will include but are not limited to the following:
- West Virginia Department of Highways
 - Railroads
 - State Department of Health
 - Department of Environmental Protection
 - Corps of Engineers
 - Public Land Corporation
6. Contract Documents, Final Plans and Specifications -
- a. The contract documents should consist of the following:
 - (1) "Agreement" (RUS Bulletin 1780-13) and Attachments 1 through 9 (Attachment No. 6) or other agreement approved by RUS.
 - (2) "Supplemental General Conditions" (RUS Bulletin 1780-14). One copy of this item is attached hereto (Attachment No. 7). Additional copies must be reproduced by the engineer.
 - b. The contract documents must provide, as a minimum, the following insurance:
 - (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the Town and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests

certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.

- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.
 - (3) Workers' Compensation - In accordance with applicable State laws.
- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
7. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your Town, over 30 day periods. Any funds not disbursed immediately upon receipt must be deposited in an interest bearing account in accordance with OMB Circular A-133. Interest earned on these funds must be remitted promptly, at least quarterly, to the Rural Utilities Service. The Town must assure that all project funds are expended only for the eligible items included in the final project budget or as may be later approved by RUS.
 8. Other Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other funds. This evidence should include a copy of the award letter. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" funds are available for expenditure. This evidence should consist of at least a letter from the funding source stating the funds are available for expenditure.
 9. Upon receipt of the grant docket, which contains all the items required above, RUS may authorize you to advertise the project for construction bids. Such advertisement must be in accordance with appropriate State statutes. Immediately after bid opening you must provide RUS with (a) a bid tabulation, (b) recommendations from you and your engineer as to the acceptability of the bids received, and (c) your recommendations for contract awards. If all parties then agree the construction bids received are acceptable, it is determined that adequate funds are available to cover the total facility costs, and that all the administrative conditions of grant approval have been satisfied, construction may start.
 10. At a properly called meeting, you must adopt and properly execute Form FmHA 1942-46, "Letter of Intent to Meet Conditions," and minutes showing the adoption

must be provided. You must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions.

Please complete and return the enclosed Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire further consideration be given your application.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to deobligate its grant funds. In the event the project has not advanced to the point of construction within the six-month period and it is determined the Town still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

We believe the information herein clearly sets forth the actions which must be taken; however, if you have any questions, please do not hesitate to contact me.

Sincerely yours,



BOBBY LEWIS
State Director

Enclosures

cc: Administrator, RUS
ATTN: Water and
Environmental Programs
Washington, DC

Rural Development Specialist
Elkins, WV

Accountant

Sheila Williams
Attorney at Law
Garden Towers, Suite 314
Kingwood, WV 26537

Steptoe and Johnson ✓
Attorneys at Law
P.O. Box 2190
Clarksburg, WV 26301

Thrasher Engineering, Inc.
P.O. Box 1532
Clarksburg, WV 26301

Region VI Planning and
Development Council
7003-C Mountain Park Drive
Fairmont, WV 26554

West Virginia Infrastructure
and Jobs Development Council
980 One Valley Square
Charleston, WV 25301

Project Construction Budget

Project Cost	WVIJDC Loan	WVIJDC Grant	RUS Grant	Total
Construction	435,000	94,620	163,500	693,120
Construction Contg.		37,580		37,580
Legal Fees	6,200	1,300		7,500
Engineering Fees	68,000	14,800		82,800
Basic - \$57,400				
Inspection - \$60,100				
Bond Counsel	8,800	1,200		10,000
Labor Compliance	2,000	1,000		3,000
TOTAL	<u>520,000</u>	<u>150,500</u>	<u>163,500</u>	<u>834,000</u>

RatesMinimum Charge

Available for general domestic, commercial and industrial service.

No bill shall be rendered for less than the following amounts according to the size of meter installed.

First 3,000 gals. @ 5.25 per M gals.
 Next 5,000 gals. @ 4.64 per M gals.
 Next 7,000 gals. @ 3.86 per M gals.
 Next 10,000 gals. @ 2.94 per M gals.
 Next 225,000 gals. @ 2.42 per M gals.
 Over 250,000 gals. @ 1.79 per M gals.

(Minimum Monthly Bill \$15.75 for 3,000 gallons)

Delayed Payment Penalty

The above tariff is net. On all accounts not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to net amount shown.

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

Reconnection Charge

\$20.00

Use and Income Analysis (Proposed Extension)

282 users @	3,000 gallons @ \$	15.75 per user =	\$4,441.50 monthly
99 users @	3,500 gallons @ \$	18.07 per user =	\$1,788.93 monthly
73 users @	4,500 gallons @ \$	22.71 per user =	\$1,657.83 monthly
53 users @	5,500 gallons @ \$	27.35 per user =	\$1,449.55 monthly
47 users @	6,500 gallons @ \$	31.99 per user =	\$1,503.53 monthly
23 users @	7,500 gallons @ \$	36.63 per user =	\$ 842.49 monthly
19 users @	8,500 gallons @ \$	40.88 per user =	\$ 776.72 monthly
11 users @	9,500 gallons @ \$	44.74 per user =	\$ 492.14 monthly
11 users @	10,500 gallons @ \$	48.60 per user =	\$ 534.60 monthly
7 users @	11,500 gallons @ \$	52.46 per user =	\$ 367.22 monthly
2 users @	12,000 gallons @ \$	54.39 per user =	\$ 108.78 monthly
1 user @	12,100 gallons @ \$	54.77 per user =	\$ 54.77 monthly
1 user @	12,200 gallons @ \$	55.16 per user =	\$ 55.16 monthly
1 user @	12,400 gallons @ \$	55.93 per user =	\$ 55.93 monthly
1 user @	12,500 gallons @ \$	56.32 per user =	\$ 56.32 monthly
1 user @	13,400 gallons @ \$	59.79 per user =	\$ 59.79 monthly
1 user @	14,400 gallons @ \$	63.65 per user =	\$ 63.65 monthly
1 user @	14,800 gallons @ \$	65.20 per user =	\$ 65.20 monthly
1 user @	15,600 gallons @ \$	67.73 per user =	\$ 67.73 monthly
1 user @	15,900 gallons @ \$	68.62 per user =	\$ 68.62 monthly
1 user @	17,100 gallons @ \$	72.14 per user =	\$ 72.14 monthly
1 user @	17,300 gallons @ \$	72.73 per user =	\$ 72.73 monthly
1 user @	20,000 gallons @ \$	80.67 per user =	\$ 80.67 monthly
1 user @	20,100 gallons @ \$	80.96 per user =	\$ 80.96 monthly
1 user @	20,300 gallons @ \$	81.55 per user =	\$ 81.55 monthly
1 user @	20,900 gallons @ \$	83.32 per user =	\$ 83.32 monthly
1 user @	25,100 gallons @ \$	95.61 per user =	\$ 95.61 monthly
1 user @	30,600 gallons @ \$	108.92 per user =	\$ 108.92 monthly
1 user @	36,000 gallons @ \$	121.99 per user =	\$ 121.99 monthly
1 user @	48,100 gallons @ \$	151.27 per user =	\$ 151.27 monthly
1 user @	50,800 gallons @ \$	157.81 per user =	\$ 157.81 monthly
1 user @	56,300 gallons @ \$	171.12 per user =	\$ 171.12 monthly
1 user @	58,400 gallons @ \$	176.20 per user =	\$ 176.20 monthly
1 user @	132,000 gallons @ \$	354.31 per user =	\$ 354.31 monthly
1 user @	152,600 gallons @ \$	404.16 per user =	\$ 404.16 monthly
1 user @	175,400 gallons @ \$	459.34 per user =	\$ 459.34 monthly
1 user @	1,083,000 gallons @ \$	\$2,130.94 per user =	\$2,130.94 monthly

653 Total Users

\$19,517.79 Monthly Revenue x 12 = \$234,213.50 Annual Revenue

Attachment No. 1 to Amended Letter of Conditions

Budget

Income		\$231,762
Expenses		
O & M	\$111,557	
*Debt Service	95,200	
**Reserve	10,170	
		\$216,927
Balance and Depreciation		\$ 14,835

Operating and Maintenance Expenses

Pumping Expense	\$19,000
Transmission and Distribution	18,000
Customer Service	19,500
Water Treatment	31,500
TOTAL	<u>\$88,000</u>

*Existing Debt Service - \$82,200
Proposed Debt Service - \$13,000

**Existing Debt Service Reserve - \$8,220
Proposed Debt Service Reserve - \$1,950

Total Debt Service - \$95,200

Total Debt Service Reserve - \$10,170

(August 1996)

GRANT AGREEMENT

This Grant Agreement entered into between the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the Town of Terra Alta (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$150,500 (the "Grant") for the purpose of the acquisition and construction/design/planning of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purpose of constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Agreement sets forth the Council, the Authority and the Governmental Agency's understanding and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority and the Council.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. 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 Grant held in "contingency" as set forth in the final Schedule B. The Governmental Agency shall obtain the written approval of the Council before expending any proceeds of the Grant available due to bid/construction/project underruns.

8. This Agreement shall be governed by the laws of the State of West Virginia.

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

TOWN OF TERRA ALTA

By: *[Signature]*
Mayor

Date: March 30, 1998

SEAL

ATTEST

Jane A. Stodden
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: *[Signature]*
Director

Date: March 30, 1998

SEAL

ATTEST

Barbara B. Meadows
Its: Secretary - Treasurer

EXHIBIT A

The project consists of the construction of a 350 gpm water treatment plant consisting of two 175 gpm package iron and manganese gravity filters, construction of the treatment plant building, backwash water holding facility, and all necessary appurtenances. The total project cost is \$834,000.

TOWN OF TERRA ALTA
Water Revenue Bond, Series 1994
and
Waterworks System Interim Construction Financing
BOND AND NOTES ORDINANCE

Table of Contents

<i>Subject</i>		<i>Page</i>
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	9
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND AND INTERIM CONSTRUCTION FINANCING		
Section 3.01	Authorization of Bond	10
Section 3.02	Description of Bond	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bond	10
Section 3.04	Registrar	11
Section 3.05	Execution of Bond	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bond Secured by Pledge of Gross Revenues	12
Section 3.08	Form of Bond	12
	FORM OF BOND	13
Section 3.09	Interim Construction Financing	19

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	20
Section 4.02	Bond Proceeds; Project Construction Account	20
Section 4.03	Covenants of the Issuer as to Revenues and Funds	21

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01	General Statement	25
Section 5.02	Rates	25
Section 5.03	Sale of the System	25
Section 5.04	Issuance of Additional Parity Bonds or Obligations	25
Section 5.05	Insurance and Bonds	25
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	28
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Covenant to Proceed and Complete	29
Section 5.11	Books and Records; Audits	29
Section 5.12	Maintenance of System	29
Section 5.13	No Competition	29

ARTICLE VI

RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	30
--------------	--	----

ARTICLE VII

MISCELLANEOUS

Section 7.01	Payment of Bond	32
Section 7.02	Modification or Amendment	32
Section 7.03	Delivery of Bond No. R-1	32
Section 7.04	Severability of Invalid Provisions	32
Section 7.05	Conflicting Provisions Repealed	32
Section 7.06	Table of Contents and Headings	32
Section 7.07	Covenant of Due Procedure, Etc.	32
Section 7.08	Effective Time	33
Section 7.09	Statutory Notice and Public Hearing	33
	SIGNATURES	34
	CERTIFICATION	35

TOWN OF TERRA ALTA

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS SYSTEM OF THE TOWN OF TERRA ALTA, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,395,000 IN PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1994, AND NOT MORE THAN \$500,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF A LINE OF CREDIT EVIDENCED BY NOTES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF TERRA ALTA:

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 19, of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. The Town of Terra Alta is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia.

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

A. The Town of Terra Alta (the "Issuer"), in the County of Preston, State of West Virginia, is now served by a public waterworks system, but such system is not adequate. The inhabitants of the Issuer and surrounding area served by the system urgently require that the system be improved as herein provide.

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 additions, betterments and improvements to the existing waterworks system of the Issuer, consisting of approximately 6,000 lineal feet of 8-inch, 6-inch and 4-inch lines,

10,000 lineal feet of service lines and renovation of a 200,000 gallon storage tank, and all necessary appurtenant facilities (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 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 (hereinafter defined) after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (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 \$2,620,000, of which \$1,395,000 will be obtained from the proceeds of sale of the Bond herein authorized, \$600,000 from a grant by the Purchaser (hereinafter defined) and \$625,000 from a grant by the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its water revenue bond, in the principal amount of \$1,395,000 to finance a portion of the cost of acquisition and construction of the Project and, at the option of the Issuer, to issue its Notes (hereinafter defined) in the aggregate principal amount of not more than \$500,000 to temporarily finance 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 any necessary property, real or personal, or interest therein; interest on the Bond prior to and during acquisition and construction and for 6 months after completion of such acquisition and 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, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond or for 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 after completion of the Project is not less than 40 years.

G. There are no outstanding bonds, obligations or other indebtedness of the Issuer which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated July 22, 1991, together with all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to 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 Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, obtaining a certificate of convenience and necessity for the Project from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired. The rates, charges and rules provided in Article VI hereof are in full force and effect and have not been changed by said Public Service Commission.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the Registered Owner 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 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 Bond.

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.

"Bond" means the Water Revenue Bond, Series 1994, authorized hereby to be issued pursuant to this Bond Legislation.

"Bond Legislation" means this Ordinance and all ordinances and resolutions supplemental hereto.

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, 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.

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

"Depository Bank" means The Terra Alta Bank, Terra Alta, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "waterworks 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, improvements and extensions thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

"FDIC" means the Federal Deposit Insurance Corporation.

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

"Governing Body" means the Council of the Issuer.

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

"Grant Receipts" means the proceeds of any grant or grants which may be awarded to the Issuer for aid in the design, acquisition or construction of the Project.

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

"Issuer" or "Borrower" means the Town of Terra Alta, in Preston County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 22, 1991, and all amendments thereto.

"Mayor" means the Mayor of the Issuer.

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

"Notes" means, collectively, the not more than \$500,000 in aggregate principal amount of notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby,

which may be issued by the Issuer, the terms of which shall be set forth in one or more resolutions supplemental hereto, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"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 Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly date prior to the date of such retention.

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

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

"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 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 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.

"Recorder" means the Recorder of the Issuer.

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

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

"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.

"State" means the State of West Virginia.

"System" means the complete waterworks system of the Issuer as enlarged, expanded and improved by the Project and all waterworks 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 waterworks system, and shall also include any and all additions, betterments, improvements and extensions, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

"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 neuter gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND
CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$2,620,000, 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 Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND AND INTERIM CONSTRUCTION FINANCING

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of this Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1994," is hereby authorized to be issued in the aggregate principal amount of not exceeding \$1,395,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

The Bond 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 Bond. The Bond 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 Bond, and the right to the principal of and stated interest thereon, 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 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond 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 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 Registrar with respect to such transfer.

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

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

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, 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 Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond 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 Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Mayor and its corporate seal 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 Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed have 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 Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond 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 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and

complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Gross Revenues.
The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Gross Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Gross Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments hereinafter provided, are hereby irrevocably pledged to the payment of installments of the principal and interest on the Bond as the same become due as herein provided.

Section 3.08. Form of Bond. Subject to the provisions hereof, 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 hereby or by any ordinance or resolution adopted after the date of enactment hereof and prior to the issuance thereof:

(FORM OF BOND)

TOWN OF TERRA ALTA

WATER REVENUE BOND, SERIES 1994

\$1,395,000

No. R-1

Date: _____

FOR VALUE RECEIVED, the TOWN OF TERRA ALTA (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 MILLION THREE HUNDRED NINETY-FIVE THOUSAND DOLLARS (\$1,395,000), plus interest on the unpaid principal balance at the rate of 5% 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 the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and \$6,850, 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 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 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 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, 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 additions, betterments and improvements to the waterworks system (the "System") of Borrower, is payable solely from the gross revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Ordinance. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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 Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the 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 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 19, of the West Virginia Code, as amended (herein called the "Act"), and with an Ordinance of Borrower duly adopted and enacted authorizing issuance of this Bond (as supplemented, 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 Farmers Home 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.

IN WITNESS WHEREOF, the Town of Terra Alta 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 TERRA ALTA

(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Mayor

(Title of Executive Official)

100 E. Washington Avenue

(P.O. Box No. or Street Address)

Terra Alta, West Virginia 26764

(Town, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Recorder

(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$		(6) \$	
(2) \$		(7) \$	
(3) \$		(8) \$	
(4) \$		(9) \$	
(5) \$		(10) \$	
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:

Section 3.09. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of Grant Receipts or Bond proceeds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$500,000. The exact principal amount, interest rates, maturity dates and other terms of the Notes shall be as set forth in a resolution supplemental hereto. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from Grant Receipts or Bond proceeds and other sources described in the 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, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the supplemental resolution.

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 hereby created and established with, and shall be held by, the Depository Bank separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund;
- (2) Reserve Fund;
- (3) Depreciation Reserve; and
- (4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited upon receipt by the Issuer in 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 the Depository 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 Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account 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 transfer from the Project Construction Account 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 Bond if there are not sufficient Gross Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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 be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, sums sufficient to pay the entire principal of the Bond remaining unpaid, together with interest accrued thereon, the Issuer further covenants with the Holder of the Bond 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 herein 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 herein.

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:

(1) The Issuer shall first, each month, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond (or such other place as may be designated pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(2) The Issuer shall next, on each date that payment is made as set forth in (1) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly pay into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly payments on the Bond, as shall be required to maintain the Minimum Reserve. Moneys in the Reserve Fund shall be used solely to make up any deficiency of revenues for payment of the principal of and interest on the Bond as the same shall become due, or for prepayment of installments on the Bond, or for mandatory prepayment of the

Bond, as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund, all earnings of investments of moneys therein shall be at least annually transferred to and deposited in the Revenue Fund and used for prepayment of the principle of the Bond.

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

(4) The Issuer shall next, each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of \$131,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used by the Issuer first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, moneys remaining therein and not permitted to be retained therein, if any ("Surplus Revenues"), may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Bond and accrued interest thereon to such prepayment date.

The Depository Bank is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required for the Reserve Fund and the Depreciation Reserve 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.

All the funds provided for in this Article IV other than the Project Construction Account 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 Bond 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.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Reserve 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 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 State Board of Investments. Except as otherwise provided herein, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, 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 on moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 639 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

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

F. INVESTMENT OF EXCESS BALANCES. The moneys 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 a lawful manner for securing deposits of State and municipal funds under the laws of the State.

G. REMITTANCES. All remittances made by the Issuer to 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, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond 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 Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Gross Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the maximum annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve 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. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of Revenues of the System shall be issued after the issuance of the Bond pursuant hereto, except with the prior written consent of the Purchaser.

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 Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all

above-ground structures of the System in an amount equal to the full insurable value 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 Bond.

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 Clerk 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 Issuer 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 thereof having custody of the Revenue Fund or of any Revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$10,000 upon the treasurer of the Issuer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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 Bond 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 Bond, 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 the delivery of the Bond.

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 Bond at the date specified for payment thereof; and

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

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 as provided in the Act, 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 and as provided in the Act.

Section 5.09. Fiscal Year; Budget. While the Bond 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 30 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 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next

preceding by more than ten per centum; and provided further that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the 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 enactment hereof, subject to permitted changes.

Section 5.11. Books and Records; Audits. The Issuer will keep books, accounts and records of the System, in accordance with the Act, 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, including, without limitation, the amount of Revenues received from 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, which report of such audit shall be open to the public for inspection at all reasonable times, and the Issuer 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 repair and maintain the System as a revenue-producing utility as herein provided so long as the Bond is 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 and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the rate ordinance of the Issuer finally enacted on July 26, 1993, which rate ordinance is 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. 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, board 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.

D. 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.

E. 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. The Issuer shall additionally have such powers as provided under the Act with respect to collection of rates and charges for the System.

F. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of the water meter.

G. 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.

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.

ARTICLE VII

MISCELLANEOUS

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

Section 7.02. Modification or Amendment. No modification or amendment of this Bond Legislation, or of any ordinance or resolution amendatory hereof or supplemental hereto, may be made without the prior consent in writing of the Purchaser.

Section 7.03. Delivery of Bond No. R-1. The Mayor is hereby authorized and directed to cause Bond No. R-1, 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 Bond.

Section 7.05. Conflicting Provisions Repealed. All other 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) or the 1963 Ordinance.

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

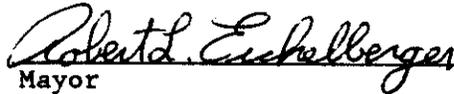
the adoption and enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and 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. Effective Time. This Bond Legislation shall take effect following public hearing hereon in accordance with the Act.

Section 7.09. 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 14 consecutive days, with at least 6 full days intervening between each publication, in The Preston County Journal and the Preston County News, two newspapers of general circulation in the Town of Terra Alta, no qualified newspaper being published therein, together with a notice stating that this Ordinance has been adopted, that the Issuer contemplates the issuance of the Bond, that any person interested may appear before the Governing Body upon a date certain, not less than 10 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 this Ordinance is on file with the Governing Body for review by interested persons during the office hours of the Governing Body.

At such hearing, all protests 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	January 10, 1994
Passed on Second Reading	January 17, 1994
Passed on Final Reading Following Public Hearing and Effective	February 2, 1994



Mayor



Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 2nd day of February, 1994.

Dated: February 8, 1994.

[SEAL]

Clara B Lockhart
Recorder

01/28/94
TAWC.A3
89360/92001



United States
Department of
Agriculture

Rural Development

Federal Building, Room 320
75 High Street
Morgantown, WV 26505
TELEPHONE: (304) 291-4796
FAX: (304) 291-4159
TTY/TDD: (304) 284-5941

March 9, 1998

Town of Terra Alta
Water Revenue Bonds, Series 1998 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States Department of Agriculture, Rural Development, the present holder of the entire outstanding aggregate principal amount of the Prior Bond, hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund) (the "Bonds"), in the original aggregate principal amount of not to exceed \$520,000, by the Town of Terra Alta (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 Water Revenue Bond, Series 1994, dated February 8, 1994 (the "Prior Bond").

Robert D. Lewis
State Director



DIVISION OF ENVIRONMENTAL PROTECTION

CECIL H. UNDERWOOD
GOVERNOR1201 Greenbrier Street
Charleston, WV 25311-1088JOHN E. GAFFREY
DIRECTOR

March 23, 1998

James Sypolt
Town of Terra Alta Water Works
100 East Washington Avenue
Terra Alta, WV 26764

CERTIFIED RETURN RECEIPT REQUESTED

Dear Mr. Sypolt:

Enclosed find WV/NPDES Water Pollution Control Permit No. WV0115185, dated the 23rd day of March 1998.

All facilities permitted to discharge pollutants to the waters of the State under Chapter 22, Article 11 of the West Virginia Code are required to test their effluent in order to verify permit compliance. This testing is the responsibility of the permittee and these test results are to be submitted to the office on the Discharge Monitoring Reports (DMRs) which are attached to the back of this permit. A (DMR) is to be completed and received by this office each month no later than 20 days following the end of the reporting period. The address to which DMRs are to be sent is noted in Appendix A, Section III.2. Attention: Engineering Branch. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this office does not supply permittees with DMR forms. Please also note the attachment to this permit which describes the annual permit fee requirement.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Division of Environmental Protection
Office of Water Resources
1 Depot Street
Romney, WV 26757

WRD 1A-82
Revised 11/97



STATE OF WEST VIRGINIA
DIVISION OF ENVIRONMENTAL PROTECTION
OFFICE OF WATER RESOURCES
1201 GREENBRIER STREET
CHARLESTON, WV 25311

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

Permit No.: WV0115185	Issue Date: March 23, 1998
Subject: Industrial Waste	Effective Date: April 23, 1998
	Expiration Date: March 22, 2003
	Supersedes: N/A

Location: Near Terra Alta	Preston	Monongahela
(City)	(County)	(Drainage Basin)

Outlets: 001

Latitude: 39° 26' 05" (North)

Longitude: 79° 30' 50" (West)

To whom it may concern:

This is to certify that Town of Terra Alta Water Works
100 East Washington Avenue
Terra Alta, WV 26764

is hereby granted a **NPDES Water Pollution Control Permit** to: acquire, construct, install, operate and maintain a filter backwash treatment and disposal system for the direct discharge of treated industrial wastewater or parts thereof, into unnamed tributary of Snowy Creek of the Youghiogheny River.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0115185 dated the 14th day of October 1997 and additional information received on February 10, 1998 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, and Appendix A.

(Continued on Page 2)

Page 2 of 6
Permit No.: WV0115185

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

A. Discharge Limitations and Monitoring Requirements

During the period beginning **April 23, 1998** and lasting through midnight **March 22, 2003**
 the permittee is authorized to discharge from outlet number(s) **401 - Discharge from filter backwash water treatment facilities**

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations			Monitoring Requirements			
	(Quantity) lbs/day Avg. Monthly	Max. Daily	Other Units (Specify) Avg. Monthly	Max. Daily	Measurement Frequency	Sample Type	
Flow				0.0045	MGD	1/Month	Estimate
Total Suspended Solids				60.0	mg/l	1/Month	Grab
Fluoride				1.4	mg/l	1/Month	Grab
Manganese				1.0	mg/l	1/Month	Grab
Iron				1.5	mg/l	1/Month	Grab
Aluminum				Monitor Only	mg/l	1/Month	Grab
Total Residual Chlorine				Not more than 11.0	ug/l at any given time	1/Month	Grab

The pH shall not be less than **6.0** standard units and not more than **9.0** standard units and shall be monitored 1/Month by grab sampling.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent samples shall be collected at or as near as possible to the point of discharge.

This discharge shall not cause violation of Title 46, Series 1, Section 3, of the West Virginia Legislative Rules issued pursuant to Chapter 22B, Article 3.

B. SCHEDULE OF COMPLIANCE

1. **The permittee shall achieve compliance with the provisions for waste treatment and the monitoring requirements specified in this permit in accordance with the following schedule:**
 - a) **Permittee shall notify the Chief, Office of Water Resources prior to initial start-up of the water treatment plant and discharge of treated filter backwash water(s).**
 - b) **Permittee shall comply with Requirement No. 3 on Page 5 of 6.**

2. **Reports of compliance or non-compliance with, and progress reports on interim and final requirements contained in the above compliance schedule, shall be postmarked no later than 14 days following each schedule date.**

Page 5 of 6
Permit No WV0115185

C. OTHER REQUIREMENTS

1. The permittee shall monitor any occurrence of discharge from Outlet No.: 001 for Aluminum. Based upon the review of appropriate data, should the potential exist for violation of Water Quality Standards, this permit will be modified to require limitation(s) and appropriate treatment of the effluent or otherwise elimination of the discharge.
2. The permittee shall submit a sludge management application within three(3) from the date of issuance of this permit to incorporate the State statutory requirements relative to their sludge management program. Whereupon, the review is concluded and approval is granted by the Chief, the permittee shall have fulfilled the requirements of Appendix A, Section II.5, Removed Substances, with respect to the sludge generated by the water treatment facilities permitted herein. Said approval shall be afforded in accordance with the provisions of Title 47, Series 38D of the West Virginia Legislative Rules, accordingly.
3. The permittee shall submit each month according to the enclosed format, a Discharge Monitoring Report (DMR) indicating in terms of concentration and/or quantities the values of the constituents listed in Section A analytically determined to be in the plant effluent (s). Additional information pertaining to effluent monitoring and reporting can be found in Section III of Appendix A.

Page 6 of 6
Permit No.: WV0115185

The herein-described activity is to be extended, modified, added to, made, enlarged, acquired, constructed or installed, and operated, used and maintained strictly in accordance with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0115185, dated the 14th day of October 1997; with the plan of maintenance and method of operation thereof submitted with such application(s); and with any applicable rules and regulations promulgated by the Environmental Quality Board and the Director of the Division of Environmental Protection.

Failure to comply with the terms and conditions of this permit, with the plans and specifications submitted with Permit Application No. WV0115185, dated the 14th day of October 1997; and with the plan of maintenance and method of operation thereof submitted with such application(s) shall constitute grounds for the revocation or suspension of this permit and for the invocation of all the enforcement procedures set forth in Chapter 22, Article 11, or 15 of the Code of West Virginia.

This permit is issued in accordance with the provisions of Chapter 22, Articles 11 and 12 and/or 15 of the Code of West Virginia and is transferable under the terms of Section 11 of Article 11.



By: _____
Chief

BST/bsg