TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

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TOWN OF TERRA ALTA

SEWER REVENUE BONDS,
SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND ORDINANCE

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TOWN OF TERRA ALTA

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $4,780,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE 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 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of a new 250,000 gpd wastewater treatment plant, rehabilitating the existing collection system by installing 252 new and replacement manholes and approximately 80,000 linear feet of new or relaid collection lines, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements 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 Recorder of 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"), in connection with the West Virginia Water Pollution Control Revolving Fund and the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $4,980,000 in two series (collectively, the "Series 1999 Bonds"), being the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), in the aggregate principal amount of not more than $200,000 (the "Series 1999 A Bonds"), and the Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $4,780,000 (the "Series 1999 B Bonds"), to permanently finance costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1999 Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 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 1999 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 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), and its Series 1999 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1999 Bonds as to liens, pledge, source of and security for payment, being the note, dated August 19, 1968, issued in the original aggregate principal amount of $278,000 (the "Series 1968 Bonds"), and the Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated October 7, 1997, issued in the original aggregate principal amount of $400,000 (the "Series 1997 A Bonds") (collectively, the "Prior Bonds"). Prior to the issuance of the Series 1999 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 1999 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1999 Bonds and the Prior Bonds and to make 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 1999 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 1999 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 1999 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 benefitting 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 1999 Bonds are to be issued.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 1999 Bonds for the purposes set forth herein.

L. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1999 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 Series 1999 Bonds, all of 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 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 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 DEP and the Council under the Act.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

"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 1999 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 1999 Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1999 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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"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 other agency of the State of West Virginia that succeeds to the functions of the Council.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

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

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

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

"Grant" means all grant moneys received by the Issuer for the Project.

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

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

"Independent Certified Public Accountant" 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, collectively, the respective Loan Agreements heretofore entered, or to be entered, into by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 1999 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1999 B Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1999 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1999 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 1999 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 Bonds.

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding" when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1999 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1968 Bonds and the Series 1997 A Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted on June 6, 1967, authorizing the issuance of the Series 1968 Bonds and the ordinance of the Issuer enacted on June 23, 1997, as supplemented by the supplemental resolution of the Issuer adopted on September 8, 1997, authorizing the issuance of the Series 1997 A Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

"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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is 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 1999 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 1999 Bonds.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued hereby.

"Series 1968 Bonds" means the note of the Issuer, dated August 19, 1968, described in Section 1.02G hereof.

"Series 1997 A Bonds" means the Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated October 7, 1997, described in Section 1.02G hereof.

"Series 1999 A Bonds" means the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 1999 A Bonds Construction Trust Fund" means the Series 1999 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established in the Series 1999 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 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 1999 A Bonds in the then current or any succeeding year.

"Series 1999 A Bonds Sinking Fund" means the Series 1999 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1999 B Bonds" means the Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Bond Legislation.

"Series 1999 B Bonds Construction Trust Fund" means the Series 1999 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 B Bonds Reserve Account" means the Series 1999 B Bonds Reserve Account established in the Series 1999 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1999 B Bonds in the then current or any succeeding year.

"Series 1999 B Bonds Sinking Fund" means the Series 1999 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 1999 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1999 A Bonds.

"SRF Program" means the West Virginia Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1999 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1999 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1999 Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Account and the Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection 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 System from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

ARTICLE II

AUTHORIZATION OF 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 $6,350,000, 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 1999 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 DEP, the Council and the Authority.

The cost of the Project is estimated not to exceed $6,350,000, of which approximately $200,000 will be obtained from proceeds of the Series 1999 A Bonds, approximately $4,780,000 will be obtained from proceeds of the Series 1999 B Bonds, approximately $1,250,000 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) and approximately $120,000 from funds of the Issuer.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 Bonds, funding a reserve account for the Series 1999 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 1999 Bonds of the Issuer. The Series 1999 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program)," in the principal amount of not more than $200,000, and "Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund)," in the principal amount of not more than $4,780,000 and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 1999 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1999 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 1999 Bonds, if any, 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 1999 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 1999 Bonds. The Series 1999 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 1999 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 1999 Bonds shall cease to be such officer of the Issuer before the Series 1999 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1999 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 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1999 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 1999 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 1999 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 1999 Bonds or transferring the registered Series 1999 Bonds are exercised, all Series 1999 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1999 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1999 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1999 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1999 Bonds or, in the case of any proposed redemption of Series 1999 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 1999 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1999 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the System as herein provided. No Holder or Holders of the Series 1999 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 1999 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 1999 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 1999 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1999 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1999 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 1999 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
SEWER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, 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

sewerage 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 sewerage 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 16, Article 13 and Chapter 22C, Article 2 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 (1) NOTE, DATED AUGUST 19, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $278,000 (THE "SERIES 1968 BONDS"); (2) SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 7, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1997 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1999 B BONDS").

THE SERIES 1968 BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together

with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 1999 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the 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 1999 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 A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 1999 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
SEWER REVENUE BOND, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 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 sewerage 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 sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are

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 16, Article 13 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 (1) NOTE, DATED AUGUST 19, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $278,000 (THE "SERIES 1968 BONDS"); (2) SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 7, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1997 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1999 A BONDS").

THE SERIES 1968 BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of

the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 1999 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 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 1999 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199___.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

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 1999 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" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council, the respective schedules in substantially the form attached 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 Ordinances) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank or the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances as the "Sewerage System Fund");

(2) Operation and Maintenance Account (established by the Prior Ordinances as the "Sewerage System Operation and Maintenance Account");

(3) Series 1968 Bonds Reserve Account (established by the Prior Ordinances as the "Sewerage System Note Reserve Account");

(4) Depreciation Account (established by the Prior Ordinances as the "Sewerage System Depreciation Account); and

(5) Series 1999 A Bonds Construction Trust Fund; and

(6) Series 1999 B Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Commission, separate and apart from all other funds or accounts of the Commission or the Issuer and from each other:

(1) Series 1997 A Bonds Sinking Fund (established by the Prior Ordinances);

(2) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account (established by the Prior Ordinances);

(3) Series 1999 A Bonds Sinking Fund;

(4) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;

(5) Series 1999 B Bonds Sinking Fund; and

(6) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account;

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinances and this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinances and this Bond Legislation. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Account, the amount necessary and sufficient to pay the Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Prior Ordinances for payment of the interest on the Series 1968 Bonds; and (ii) remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the interest on the Series 1997 A Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Prior Ordinances for payment of the principal of the Series 1968 Bonds; (ii) remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, the amount required by the Prior Ordinances for payment of the principal of the Series 1997 A Bonds; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 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; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 1999 B Bonds, for deposit in the Series 1999 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to

elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank for deposit in the Series 1968 Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, for deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 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 1999 A Bonds Reserve Requirement; and (iv) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 1999 B Bonds, if not fully funded upon issuance of the Series 1999 B Bonds, for deposit in the Series 1999 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 B Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund to the Depreciation Account, the amount required by the Prior Ordinances, until there has been accumulated therein the sum of $9,000, and thereafter, such sums, as shall be required to maintain such amount therein, so long as the Series 1968 Bonds are outstanding. Additionally, so long as the Series 1997 A Bonds and the Series 1999 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 account have not, as

of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Depreciation Account.

Moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 1999 A Bonds Reserve Account or the Series 1999 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above or from the Depreciation Account.

As and when additional Bonds ranking on a parity with the Series 1999 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 parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund or the Series 1999 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1999 A Bonds and the Series 1999 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1999 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 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 1999 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1999 A Bonds.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, and submit a copy of said

form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

H. 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 the Series 1999 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 1999 B Bonds, there shall first be deposited with the Commission in the Series 1999 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 1999 A Bonds, there shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1999 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 1999 B Bonds, there shall be deposited with the Commission in the Series 1999 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 1999 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 A Bonds Construction Trust Fund and applied solely to payment of the 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 1999 A Bonds.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 B Bonds Construction Trust Fund and applied solely to payment of the 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 1999 B Bonds.

G. 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 1999 A Bonds shall be expended as approved by the DEP and any remaining proceeds of the Series 1999 B Bonds shall be expended as approved by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 B Bonds Construction Trust Fund (except for the costs of issuance of the Series 1999 B Bonds which shall be made upon request of the Issuer) shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

Pending such application, moneys in the respective Bond Construction Trust Funds, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1999 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1999 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 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 the Series 1999 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 1999 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 sewer rate ordinance of the Issuer duly enacted on November 2, 1998.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 1999 Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, 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 fully pay all the Bonds

Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1999 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1999 Bonds. Any balance remaining after the payment of the Series 1999 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Account. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with a professional engineer, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Account. The payment of such proceeds into the Depreciation Account shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 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 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 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 1999 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation 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 1999 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1999 Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the DEP and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 1999 Bonds issued pursuant hereto, or both such purposes.

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

Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall be not 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 Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have 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 subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any Bond over any other. 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 lien of the Series 1999 Bonds on such revenues. The Issuer shall not

issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1999 Bonds.

No Parity Bonds shall be issued at any time, however, unless all of 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 the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority, the DEP and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority, the DEP and the Council, or their agents and representatives, to inspect all records pertaining to the operation 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 Issuer shall direct.

The Issuer shall file with the Authority, the DEP and the Council, or any other original purchaser of the Series 1999 Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 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 Accountant in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountant, or a summary thereof, to any Holder or Holders of the Series 1999 Bonds and shall submit said report to the Authority, the DEP and the Council, or any other original purchaser of the Series 1999 Bonds. Such audit report submitted to the Authority, the DEP 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, the DEP 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, the DEP and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority, the DEP and the Council with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement for the Series 1999 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 1999 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges

so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Series 1999 A Reserve Account, the Series 1999 B Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 1999 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 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 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.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the DEP and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a 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 within 30 days of adoption thereof mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP, the Council and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and

all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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, and forward a copy of such report to the Authority, the DEP and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer shall obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority, the DEP and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the DEP and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority, the DEP 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 DEP, 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator to operate

the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of either shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer, and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the

operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1999 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to

be required of each contractor dealing directly with the Board 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

(4) FIDELITY BONDS will be provided as to every officer and employee of the Board or 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.

(5) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and

regulations of the Public Service Commission of West Virginia, shall connect with and use the sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the sewerage facilities portion of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer shall 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 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 shall comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP and the Council with copies of all documents submitted to the Authority.

The Issuer shall also comply with all applicable laws, rules and regulations issued by the Authority, the DEP, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.19. 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 1999 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 1999 Bonds during the term thereof is, under the terms of the

Series 1999 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 1999 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 1999 Bonds during the term thereof is, under the terms of the Series 1999 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 1999 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 1999 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 1999 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 1999 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1999 Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 1999 Bonds will be and remain excludable from gross income for federal income tax purposes, and shall 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. Securities Laws Compliance. The Issuer shall provide the Authority, in a timely manner, with any and all information that may be requested of it

(including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1999 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 1999 Bonds held in "contingency" as set forth in the respective Schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 1999 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 1999 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 1999 Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. 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 Series 1999 Bonds which would cause the Series 1999 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 1999 Bonds) so that the interest, if any, on the Series 1999 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 1999 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1999 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 1999 Bonds are issued does not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 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 1999 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 1999 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, 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 1999 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 1999 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 1999 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 1999 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on their respective parts relating to the Series 1999 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 Bonds, and such default shall have continued for a period of 30 days after the Issuer or Issuer, as appropriate 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 or Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1999 Bonds shall be on a parity with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the

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 said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1999 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1999 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 1999 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 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 respective rights of Registered Owners of the Series 1999 Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1999 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 1999 Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1999 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between

this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing and 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, no qualified newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the 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:	May 24, 1999
Passed on Second Reading:	June 14, 1999
Passed on Final Reading Following Public Hearing:	June 28, 1999

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 28th day of June, 1999.

Dated: July 22, 1999.

[SEAL]

Karen A. Nordeck

Recorder

06/17/99
893600/97003

EXHIBIT A

Loan Agreement is included in bond transcript as Documents 3 and 4.

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF THE TOWN OF TERRA ALTA, APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the town council (the "Governing Body") of the Town of Terra Alta (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective June 28, 1999 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $4,780,000 IN

AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) and Series 1999 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 1999 A Bonds" and the "Series 1999 B Bonds"), in the respective aggregate principal amounts not to exceed $200,000 and $4,780,000, and has authorized the execution and delivery of the loan agreement relating to the Series 1999 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and the loan agreement relating to the Series 1999 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF 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 following bonds of the Issuer:

A. The Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $200,000. The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature March 2021, and shall bear no interest. The principal of the Series 1999 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, and ending March 1, 2021, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 A Bonds. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1999 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1999 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $4,780,000. The Series 1999 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2039, and shall bear no interest. The principal of the Series 1999 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2001, and ending June 1, 2039, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 B Bonds. The Series 1999 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1999 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the DEP, the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds 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, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby appoint and designate The Terra Alta Bank, Terra Alta, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 1999 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1999 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 A Bonds Reserve Account.

Section 9. Series 1999 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1999 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 1999 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 1999 A Bonds and the Series 1999 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 12. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 22, 1999, to the Authority pursuant to the Loan Agreement.

Section 13. 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 14. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 15. The Issuer hereby determines 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 Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Adopted this 28th day of June, 1999.

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Terra Alta on the 28th day of June, 1999.

Dated: July 22, 1999.

[SEAL]

Karen A. Nordeck

Recorder

06/17/99
893600/97003

SRF-LP-1
(August 1998)

LOAN AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION, a division of the West Virginia Bureau of Environment (the "DEP"), and the local government designated below (the "Local Government").

TOWN OF TERRA ALTA
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

WHEREAS, under the Act the DEP is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition § 66.458 (1998)) and DEP has been awarded capitalization grants to partially fund the Program;

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of

wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

WHEREAS, the Local Government is included on the DEP State Project Priority List and the Intended Use Plan and has met DEP's pre-application requirements for the Program;

WHEREAS, the Local Government is authorized and empowered by the statutes of the State to construct, operate and improve a wastewater treatment project and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Local Government;

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Government, DEP and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act or in the SRF Regulations.

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

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Local Government pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

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

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and of the Local Act, the Local Government 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 Local Government 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 Local Government, 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 is approved by DEP and the Authority.

2.4 The Local Government agrees that the Authority and DEP and their respective 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 Local Government further agrees that the Authority and DEP and their respective duly authorized agents shall, prior to, at and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and DEP with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Government 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 Local Government shall permit the Authority and DEP, acting by and through their Directors or 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 Local Government shall submit to the Authority and DEP 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 Local Government agrees that it will permit the Authority and DEP and their respective agents to have access to the records of the Local Government 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 Local Government 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 Local Government 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 and DEP. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) 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 Local Government, 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 Local Government on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government 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. The Local Government shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government 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 Local Government agrees that qualified operating personnel properly certified by the State will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 25% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP 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 Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority.

2.13 The Local Government, during construction of the Project, shall complete Payment Requisition Forms, the form of which is attached hereto as Exhibit C and incorporated herein by reference, and forward the Form to DEP in compliance with the Local Government's construction schedule.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and DEP to make the Loan is subject to the Local Government's fulfillment, to the satisfaction of the Authority and DEP, 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 Local Government shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended and the procedures as to the disbursement of loan proceeds, including an estimated monthly draw schedule;

(b) The Local Government shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Government 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;

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

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

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

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

(h) The Local Government 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, and the Authority and DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been entered, to be deposited 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 and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP 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 and DEP, including the SRF Regulations, 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 Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government 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, DEP and the Local Government. 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 set forth in Exhibit E hereto.

3.5 The Local Government understands and acknowledges that it is one of several local governments which have applied to the Authority and DEP for loans to finance wastewater treatment projects and that the obligation of the Authority to make any such loan is subject to the Local Government's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Government specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to such purchase, the Authority may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The

Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

(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 (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 Local Government 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 net revenues from the System;

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other deposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Government shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; 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 Local Government 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 Local Government 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 Local Government 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 and all rights as set forth in Section 5 of the Act;

(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 Local Government will not grant any franchise to provide any services which would compete with the System;

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

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, 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 Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

(xvi) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the West Virginia Municipal Bond Commission (the "Commission") its required interest, principal and reserve fund payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F and incorporated herein by reference, and submit a copy of said form along with a copy of the check to the Authority by the 5th day of such calendar month;

(xvii) That the Commission shall serve as paying agent for all Local Bonds;

(xviii) 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 Local Government 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;

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers 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; and

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

4.2 The Loan shall be secured by the pledge and assignment by the Local Government, as effected by the Local Act, of the fees, charges and other revenues of the Local Government from the System.

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Local Government 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 Local Government defaults in any payment due to the Authority pursuant to Section 4.2 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 Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by local governments in the terms and covenants of loan agreements, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have

recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Government 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 Local Government fails to make any such rebates as required, then the Local Government 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.

6.5 Notwithstanding Section 6.4, the Authority and DEP may at any time, in their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Government to be monitored or cause the rebate calculations for the Local Government to be prepared, in either case at the expense of the Local Government.

6.6 The Local Government hereby agrees to give the Authority and DEP 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.

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

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Government 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this Loan Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the amount of the Loan made by the Authority and DEP as set forth in (iii) above is not terminated due to such non-funding on any balance on the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-appropriation or non-funding shall not be considered an event of default under the Loan Agreement.

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
[Proper Name of Local Government]

(SEAL)

By: [signature]
Its: Mayor

Attest:

Date: June 14, 1999

[signature]
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: [signature]
Its: Chief

Date: 6/22/99

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: [signature]
Its: Director

Attest:

Date: June 9, 1999

[signature]
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]
[Name of Local Government]
[Name of Bond Issue]
Fiscal Year - __
Report Month: _____

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

Witnesseth my signature this __ day of ____, ____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT D

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 among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection ("DEP") 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 twenty 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 Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the ____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) 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

EXHIBIT C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19___.

_____

By _____

West Virginia License No. __

[SEAL]

EXHIBIT E

SPECIAL CONDITIONS

A. The recipient agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations and other documents describing projects or programs funded in whole or in part with Federal money, (1) the percentage of the total costs of the program or project which will be financed with Federal money, (2) the dollar amount of Federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives $300,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 or any appropriate successor. Financial statement audits are required once all funds have been received by the loan recipient.

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development
Authority
180 Association Drive
Charleston WV 25311-1571

Re: [Name of bond issue]

Dear Sirs:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Local Government] on _____, __.

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Fund: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston WV 25311-1571

Gentlemen:

We are bond counsel to _____ (the "Local Government"), 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 Local Government and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, 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 payable _____ 1, ____ 1, ____ 1, and ____ 1 of each year, beginning _____ 1, 19_, at the respective rate or rates and with principal payable in installments on ____ 1 in each of the years, all as follows:

Year	Installment	Interest Rate

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 Local Government 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 Local Government and is a valid and binding special obligation of the Local Government 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 Local Government without the consent of the Authority.

3. The Local Government 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 Local Government 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 Local Government, 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. 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,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	$ 200,000
Purchase Price of Bonds	$ 200,000

Interest on the Bonds shall be zero percent from the date of delivery ~~to and including~~ _____. Principal ~~and interest~~ on the Bonds is payable quarterly, commencing June 1, 2001, at a rate of 0 % per annum. 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. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] or [provide list of outstanding debt]. (See attached schedule) *

The Local Government shall submit its payments monthly to the West Virginia Municipal Bond Commission with instructions that the West Virginia Municipal Bond Commission will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the Bond Commission in writing by the Authority. If the Reserve Fund is not fully funded at closing, the Local Government shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Bond Commission. The Local Government shall instruct the Bond Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal ~~and interest~~ and such Bonds shall grant the Authority a first lien on the net revenues of the Local Government's system.

The Local Government may prepay the Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and DEP. The Local Government shall request approval from the Authority and DEP in writing of any proposed debt which will be issued by the Local Government on a parity with the Bonds which request must be filed at least 60 days prior to the intended date of issuance.

* Note, dated August 19, 1968, issued in the original aggregate principal amount of $278,000.
Sewerage System Design Revenue Bonds, Series 1997A, dated October 7, 1997, issued in the original aggregate principal amount of $400,000.

Town of Terra Alta, West Virginia

Loan Amount of $200,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	2,500.00	-	2,500.00
9/01/2001	2,500.00	-	2,500.00
12/01/2001	2,500.00	-	2,500.00
3/01/2002	2,500.00	-	2,500.00
6/01/2002	2,500.00	-	2,500.00
9/01/2002	2,500.00	-	2,500.00
12/01/2002	2,500.00	-	2,500.00
3/01/2003	2,500.00	-	2,500.00
6/01/2003	2,500.00	-	2,500.00
9/01/2003	2,500.00	-	2,500.00
12/01/2003	2,500.00	-	2,500.00
3/01/2004	2,500.00	-	2,500.00
6/01/2004	2,500.00	-	2,500.00
9/01/2004	2,500.00	-	2,500.00
12/01/2004	2,500.00	-	2,500.00
3/01/2005	2,500.00	-	2,500.00
6/01/2005	2,500.00	-	2,500.00
9/01/2005	2,500.00	-	2,500.00
12/01/2005	2,500.00	-	2,500.00
3/01/2006	2,500.00	-	2,500.00
6/01/2006	2,500.00	-	2,500.00
9/01/2006	2,500.00	-	2,500.00
12/01/2006	2,500.00	-	2,500.00
3/01/2007	2,500.00	-	2,500.00
6/01/2007	2,500.00	-	2,500.00
9/01/2007	2,500.00	-	2,500.00
12/01/2007	2,500.00	-	2,500.00
3/01/2008	2,500.00	-	2,500.00
6/01/2008	2,500.00	-	2,500.00
9/01/2008	2,500.00	-	2,500.00
12/01/2008	2,500.00	-	2,500.00
3/01/2009	2,500.00	-	2,500.00
6/01/2009	2,500.00	-	2,500.00
9/01/2009	2,500.00	-	2,500.00
12/01/2009	2,500.00	-	2,500.00
3/01/2010	2,500.00	-	2,500.00
6/01/2010	2,500.00	-	2,500.00
9/01/2010	2,500.00	-	2,500.00
12/01/2010	2,500.00	-	2,500.00
3/01/2011	2,500.00	-	2,500.00

Town of Terra Alta, West Virginia

Loan Amount of $200,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	2,500.00	-	2,500.00
9/01/2011	2,500.00	-	2,500.00
12/01/2011	2,500.00	-	2,500.00
3/01/2012	2,500.00	-	2,500.00
6/01/2012	2,500.00	-	2,500.00
9/01/2012	2,500.00	-	2,500.00
12/01/2012	2,500.00	-	2,500.00
3/01/2013	2,500.00	-	2,500.00
6/01/2013	2,500.00	-	2,500.00
9/01/2013	2,500.00	-	2,500.00
12/01/2013	2,500.00	-	2,500.00
3/01/2014	2,500.00	-	2,500.00
6/01/2014	2,500.00	-	2,500.00
9/01/2014	2,500.00	-	2,500.00
12/01/2014	2,500.00	-	2,500.00
3/01/2015	2,500.00	-	2,500.00
6/01/2015	2,500.00	-	2,500.00
9/01/2015	2,500.00	-	2,500.00
12/01/2015	2,500.00	-	2,500.00
3/01/2016	2,500.00	-	2,500.00
6/01/2016	2,500.00	-	2,500.00
9/01/2016	2,500.00	-	2,500.00
12/01/2016	2,500.00	-	2,500.00
3/01/2017	2,500.00	-	2,500.00
6/01/2017	2,500.00	-	2,500.00
9/01/2017	2,500.00	-	2,500.00
12/01/2017	2,500.00	-	2,500.00
3/01/2018	2,500.00	-	2,500.00
6/01/2018	2,500.00	-	2,500.00
9/01/2018	2,500.00	-	2,500.00
12/01/2018	2,500.00	-	2,500.00
3/01/2019	2,500.00	-	2,500.00
6/01/2019	2,500.00	-	2,500.00
9/01/2019	2,500.00	-	2,500.00
12/01/2019	2,500.00	-	2,500.00
3/01/2020	2,500.00	-	2,500.00
6/01/2020	2,500.00	-	2,500.00
9/01/2020	2,500.00	-	2,500.00
12/01/2020	2,500.00	-	2,500.00
3/01/2021	2,500.00	-	2,500.00
Total	**200,000.00**	-	**200,000.00** *

*Plus $253.13 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $20,250.40.

IC/WDA-1
(July 1996)

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)

W I T N E S S E T H:

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

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

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to 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: _____
Mayor

Attest:

_____
Recorder

Date: July 22, 1999

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Director

Attest:

_____
Secretary-Treasurer

Date: July 22, 1999

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system, as set forth in the plans and specifications approved by [DEP/BPH/PSC] (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which acquisition and construction are being permanently financed [in part] by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meanings set forth in the _____ [passed/adopted] by the Issuer on _____, ___, and the Loan Agreement by and [between/among] the Issuer, the West Virginia Water Development Authority (the "Authority"), [and the West Virginia Division of Environmental Protection ("DEP"), the Bureau of Public Health ("BPH") or the West Virginia Infrastructure and Jobs Development Council ("IC")] dated _____.

2. The Bonds are being issued for the purposes of _____
_____.

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and as described in the plans and specifications approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, [the _____] and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least [_____] years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the [acquisition and] construction of the Project which

are in an amount and otherwise compatible with the plan of financing set forth in Schedule [A/B]n and my firm[1] has ascertained that all successful bidder(s) have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidder(s) received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the [DEP/BPH]and the bid form(s) provided to the bidders contain the central operational components of the Project; (vi) the successful bid(s) include prices for every item on such bid form(s); (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 necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of Subsections 4.1(a) and 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, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by [DEP/BPH/PSC]; and (xi) attached hereto as Exhibit A is the final amended "Schedule [A/B] - Total Cost of Project and Sources of Funds" for the Project.

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

[SEAL]

_____

By: _____

_____
West Virginia License No. _____

---

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
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 _____, 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.

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 _____, 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: _____

	ITEM	CURRENT MONTH	YEAR TO DATE	BUDGET YEAR TO DATE	DIFFERENCE
1.	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	$4,780,000
Purchase Price of Bonds	$4,780,000

Principal on the Bonds is payable quarterly, in the amounts specifically set forth on Schedule Y, commencing March 1, 2001 to and including June 1, 2039. 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 Note, dated August 19, 1968, (the "Series 1968 Bonds"); Sewerage System Design Revenue Bonds Series 1997 A (West Virginia SRF Program), dated October 7, 1997; and Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated July 22, 1999, issued concurrently herewith.

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 only and such Bonds shall grant the Authority a first lien on the net 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.

SCHEDULE Y

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	31,039.00	-	31,039.00
6/01/2001	31,039.00	-	31,039.00
9/01/2001	31,039.00	-	31,039.00
12/01/2001	31,039.00	-	31,039.00
3/01/2002	31,039.00	-	31,039.00
6/01/2002	31,039.00	-	31,039.00
9/01/2002	31,039.00	-	31,039.00
12/01/2002	31,039.00	-	31,039.00
3/01/2003	31,039.00	-	31,039.00
6/01/2003	31,039.00	-	31,039.00
9/01/2003	31,039.00	-	31,039.00
12/01/2003	31,039.00	-	31,039.00
3/01/2004	31,039.00	-	31,039.00
6/01/2004	31,039.00	-	31,039.00
9/01/2004	31,039.00	-	31,039.00
12/01/2004	31,039.00	-	31,039.00
3/01/2005	31,039.00	-	31,039.00
6/01/2005	31,039.00	-	31,039.00
9/01/2005	31,039.00	-	31,039.00
12/01/2005	31,039.00	-	31,039.00
3/01/2006	31,039.00	-	31,039.00
6/01/2006	31,039.00	-	31,039.00
9/01/2006	31,039.00	-	31,039.00
12/01/2006	31,039.00	-	31,039.00
3/01/2007	31,039.00	-	31,039.00
6/01/2007	31,039.00	-	31,039.00
9/01/2007	31,039.00	-	31,039.00
12/01/2007	31,039.00	-	31,039.00
3/01/2008	31,039.00	-	31,039.00
6/01/2008	31,039.00	-	31,039.00
9/01/2008	31,039.00	-	31,039.00
12/01/2008	31,039.00	-	31,039.00
3/01/2009	31,039.00	-	31,039.00
6/01/2009	31,039.00	-	31,039.00
9/01/2009	31,039.00	-	31,039.00
12/01/2009	31,039.00	-	31,039.00
3/01/2010	31,039.00	-	31,039.00
6/01/2010	31,039.00	-	31,039.00
9/01/2010	31,039.00	-	31,039.00
12/01/2010	31,039.00	-	31,039.00
3/01/2011	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000

0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	31,039.00	-	31,039.00
9/01/2011	31,039.00	-	31,039.00
12/01/2011	31,039.00	-	31,039.00
3/01/2012	31,039.00	-	31,039.00
6/01/2012	31,039.00	-	31,039.00
9/01/2012	31,039.00	-	31,039.00
12/01/2012	31,039.00	-	31,039.00
3/01/2013	31,039.00	-	31,039.00
6/01/2013	31,039.00	-	31,039.00
9/01/2013	31,039.00	-	31,039.00
12/01/2013	31,039.00	-	31,039.00
3/01/2014	31,039.00	-	31,039.00
6/01/2014	31,039.00	-	31,039.00
9/01/2014	31,039.00	-	31,039.00
12/01/2014	31,039.00	-	31,039.00
3/01/2015	31,039.00	-	31,039.00
6/01/2015	31,039.00	-	31,039.00
9/01/2015	31,039.00	-	31,039.00
12/01/2015	31,039.00	-	31,039.00
3/01/2016	31,039.00	-	31,039.00
6/01/2016	31,039.00	-	31,039.00
9/01/2016	31,039.00	-	31,039.00
12/01/2016	31,039.00	-	31,039.00
3/01/2017	31,039.00	-	31,039.00
6/01/2017	31,039.00	-	31,039.00
9/01/2017	31,039.00	-	31,039.00
12/01/2017	31,039.00	-	31,039.00
3/01/2018	31,039.00	-	31,039.00
6/01/2018	31,039.00	-	31,039.00
9/01/2018	31,039.00	-	31,039.00
12/01/2018	31,039.00	-	31,039.00
3/01/2019	31,039.00	-	31,039.00
6/01/2019	31,039.00	-	31,039.00
9/01/2019	31,039.00	-	31,039.00
12/01/2019	31,039.00	-	31,039.00
3/01/2020	31,039.00	-	31,039.00
6/01/2020	31,039.00	-	31,039.00
9/01/2020	31,039.00	-	31,039.00
12/01/2020	31,039.00	-	31,039.00
3/01/2021	31,039.00	-	31,039.00
6/01/2021	31,039.00	-	31,039.00
9/01/2021	31,039.00	-	31,039.00
12/01/2021	31,039.00	-	31,039.00
3/01/2022	31,039.00	-	31,039.00
6/01/2022	31,039.00	-	31,039.00
9/01/2022	31,039.00	-	31,039.00
12/01/2022	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2023	31,039.00	-	31,039.00
6/01/2023	31,039.00	-	31,039.00
9/01/2023	31,039.00	-	31,039.00
12/01/2023	31,039.00	-	31,039.00
3/01/2024	31,039.00	-	31,039.00
6/01/2024	31,039.00	-	31,039.00
9/01/2024	31,039.00	-	31,039.00
12/01/2024	31,039.00	-	31,039.00
3/01/2025	31,039.00	-	31,039.00
6/01/2025	31,039.00	-	31,039.00
9/01/2025	31,039.00	-	31,039.00
12/01/2025	31,039.00	-	31,039.00
3/01/2026	31,039.00	-	31,039.00
6/01/2026	31,039.00	-	31,039.00
9/01/2026	31,039.00	-	31,039.00
12/01/2026	31,039.00	-	31,039.00
3/01/2027	31,039.00	-	31,039.00
6/01/2027	31,039.00	-	31,039.00
9/01/2027	31,039.00	-	31,039.00
12/01/2027	31,039.00	-	31,039.00
3/01/2028	31,039.00	-	31,039.00
6/01/2028	31,039.00	-	31,039.00
9/01/2028	31,039.00	-	31,039.00
12/01/2028	31,039.00	-	31,039.00
3/01/2029	31,039.00	-	31,039.00
6/01/2029	31,039.00	-	31,039.00
9/01/2029	31,039.00	-	31,039.00
12/01/2029	31,039.00	-	31,039.00
3/01/2030	31,039.00	-	31,039.00
6/01/2030	31,039.00	-	31,039.00
9/01/2030	31,039.00	-	31,039.00
12/01/2030	31,039.00	-	31,039.00
3/01/2031	31,039.00	-	31,039.00
6/01/2031	31,039.00	-	31,039.00
9/01/2031	31,039.00	-	31,039.00
12/01/2031	31,039.00	-	31,039.00
3/01/2032	31,039.00	-	31,039.00
6/01/2032	31,039.00	-	31,039.00
9/01/2032	31,039.00	-	31,039.00
12/01/2032	31,039.00	-	31,039.00
3/01/2033	31,039.00	-	31,039.00
6/01/2033	31,039.00	-	31,039.00
9/01/2033	31,039.00	-	31,039.00
12/01/2033	31,039.00	-	31,039.00
3/01/2034	31,039.00	-	31,039.00
6/01/2034	31,039.00	-	31,039.00
9/01/2034	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2034	31,039.00	-	31,039.00
3/01/2035	31,039.00	-	31,039.00
6/01/2035	31,039.00	-	31,039.00
9/01/2035	31,039.00	-	31,039.00
12/01/2035	31,039.00	-	31,039.00
3/01/2036	31,039.00	-	31,039.00
6/01/2036	31,039.00	-	31,039.00
9/01/2036	31,039.00	-	31,039.00
12/01/2036	31,039.00	-	31,039.00
3/01/2037	31,039.00	-	31,039.00
6/01/2037	31,039.00	-	31,039.00
9/01/2037	31,039.00	-	31,039.00
12/01/2037	31,039.00	-	31,039.00
3/01/2038	31,038.00	-	31,038.00
6/01/2038	31,038.00	-	31,038.00
9/01/2038	31,038.00	-	31,038.00
12/01/2038	31,038.00	-	31,038.00
3/01/2039	31,038.00	-	31,038.00
6/01/2039	31,038.00	-	31,038.00
Total	**4,780,000.00**	**-**	**4,780,000.00**

YIELD STATISTICS

Bond Year Dollars	$99,105.22
Average Life	20.733 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.05E-10
Bond Yield for Arbitrage Purposes	1.05E-10
All Inclusive Cost (AIC)	1.05E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.733 Years

981186alj031899.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: March 18, 1999

CASE NO. 98-1186-S-CN

TOWN OF TERRA ALTA
Application for a certificate of convenience and necessity to construct improvements to the Town's wastewater collection system including construction of a new wastewater treatment plant in Preston County.

FINAL
4/7/99

RECOMMENDED DECISION

On September 25, 1998, the Town of Terra Alta (Town or Applicant) filed a duly verified application for a certificate to construct certain additions and improvements to the Town's wastewater treatment plant in Preston County.

By Notice of Filing Order entered on September 25, 1998, the District was directed to give notice of its application by publishing a copy of the Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Preston County. The Notice of Filing provided that, if no public protests were timely filed in response to the published notice, the Commission is authorized to render a decision without a hearing, by virtue of West Virginia Code §24-2-11.

On October 26, 1998, Commission Staff filed its First Set of Interrogatories or requests for information.

On October 26, 1998, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 22, 1999.

On November 4, 1998, the District filed its Affidavit of Publication indicating that publication was made of the Notice of Filing on October 17, 1998, in The Preston County News, a newspaper of general circulation, Preston County.

On November 4, 1998, Sheila Kae Williams, Counsel for the Town of Terra Alta, filed a partial response to the First Set of Interrogatories filed by Commission Staff.

On November 6, 1998, Kenneth P. Morgan, Project Manager, filed an engineering report with amendments.

On November 25, 1998, Cassius H. Toon, Staff Attorney, filed a Final Joint Staff Memorandum stating that a Final Recommendation will be made once Commission Staff had completed its review of the data request responses.

By Order entered on December 14, 1998, the Town of Terra Alta was directed to fully respond to Staff's request for information dated October 26, 1998, on or before January 19, 1999.

On January 11, 1999, Staff Attorney Toon filed a Further Final Joint Staff Memorandum prepared by Randy L. Lengyel, Utilities Analyst II, and Michael W. McNulty, Technical Analyst, both of the Water and Wastewater Division. According to Staff, it still needed certain additional information in order to make a recommendation.

By Order issued February 17, 1999, in light of the Administrative Law Judge's decision due date of April 22, 1999, Staff was directed to file either a substantive recommendation or a statement of information on or before March 5, 1999.

On March 8, 1999, Staff Attorney Toon filed a Further Final Joint Staff Memorandum attached to which was a Further Final Internal Memorandum prepared by Utilities Analyst Lengyel. According to Staff, the total estimated project cost is $6,350,000. This project will be financed with a Small Cities Block Grant in the amount of $1,250,000; a loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $4,780,000; a loan from the State Revolving Fund in the amount of $200,000; and a grant from the Town of Terra Alta in the amount of $120,000. The Town of Terra Alta is requesting to raise rates and the enacted rate ordinance has been reviewed by the Commission's Legal Division. The Applicant has provided commitment letters from all of the above-mentioned parties. According to Staff, the proposed rates will provide an adequate cash flow surplus based upon the financial information submitted by the Applicant.

Staff noted that the Town is proposing to construct a new 250,000 gpd wastewater treatment plant, and rehabilitate the existing collection system by installing 252 new and replacement manholes and approximately 80,000 linear feet of new or relaid collection lines. The Town will be bidding three contracts, one for the wastewater plant and the other two for the collection system rehabilitation.

Staff noted that its review of the plans and specifications did not reveal any obvious conflicts with the Commission's Rules and Regulations for the Government of Sewer Utilities. According to Staff, this project has been extensively reviewed and approved by the Division of Environmental Protection (DEP). On February 23, 1999, Technical Staff received a copy of the approval letter from the DEP. According to Staff, the Town has applied for its NPDES permit. As of the date of the Staff Memorandum, the permit application had not been approved.

According to Staff, the Town's existing wastewater treatment plant and collection system were constructed in 1969. Currently, the system is hydraulically overloaded and does not meet current DEP regulations. According to Staff, the wastewater treatment plant is operating under an

administrative order. This project will correct those operational problems. The Town has demonstrated adequate need for this project.

Staff noted that this project will provide service to 604 existing customers and one new customer, Hopemont Hospital. Using a project cost of $6,350,000, this translates into a project cost per customer of $10,500. According to Staff, this amount is acceptable. Staff noted that this project is a rehabilitation of an existing sewage collection and treatment system; therefore, customer density is not relevant.

According to Staff, the Town is estimating annual operation and maintenance expenses at $143,000. The Town's engineer has provided supporting documentation for the estimated operation and maintenance expenses. Commission Staff has recommended the following:

1. Since the Town of Terra Alta has all of its funding commitment letters and an adequate cash flow surplus, the Town of Terra Alta's application for a certificate of convenience and necessity be approved;

2. The project financing be approved; and

3. If there are any changes in the scope of the project or the financing, the Town of Terra Alta be required to seek Commission approval of those changes before proceeding.

FINDINGS OF FACT

1. On September 25, 1998, the Town of Terra Alta filed a duly verified application for a certificate to construct certain additions and improvements to the Town's wastewater treatment plant in Preston County. (See, Application).

2. By Notice of Filing Order entered on September 25, 1998, the Town was directed to give notice of its application. (See, Order entered September 25, 1998).

3. On November 4, 1998, the Town filed its affidavit of publication, indicating that publication was made of the Notice of Filing on October 17, 1998, The Preston County News, a newspaper of general circulation in Preston County. (See, Affidavit of Publication filed November 4, 1998).

4. The 30-day protest period expired on November 16, 1998, with no protests having been filed. (See, Affidavit of Publication filed November 4, 1998; case file generally).

5. The total project cost is estimated to be $6,350,000, and the Town of Terra Alta is proposing to fund the project through a Small Cities Block Grant in the amount of $1,250,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $4,780,000; a loan from the State Revolving Fund in the amount of $200,000; and a grant from the Town of Terra Alta in the amount of $120,000. (See, Further Final Joint Staff Memorandum with attachment filed March 8, 1999).

6. Staff is of the opinion that the project is in the public interest, adequately designed and funded, and should be approved. (See, Further Final Joint Staff Memorandum with attachment filed March 8, 1999).

CONCLUSIONS OF LAW

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

2. The proposed project will provide adequate service.

3. The proposed project is adequately financed and is economically feasible.

4. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.

5. The issuance of a certificate of convenience and necessity shall be valid for the project described herein. Any changes in the scope of this project and/or funding after the granting of this certificate shall require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to the Town of Terra Alta to construct certain additions and improvements to the Town's wastewater treatment plant in Preston County, all as set forth in the application filed herein on September 25, 1998.

IT IS FURTHER ORDERED that the proposed funding of this project, consisting of a Small Cities Block Grant in the amount of $1,250,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $4,780,000; a loan from the State Revolving Fund in the amount of $200,000; and a grant from the Town of Terra Alta in the amount of $120,000, be, and it hereby is, approved.

IT IS FURTHER ORDERED that, if there are changes to the cost, scope, financing or design of the project, as certificated herein, the Town of Terra Alta shall petition the Commission for approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that formal hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reason that no protests were received after publication and there remain no outstanding issues to be litigated.

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

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

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

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

Miles C. Cary
Administrative Law Judge

MCC:dfs
981186AB.WPD

Public Service Commission
of West Virginia
Charleston

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.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

April 9, 1997

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

Re: Town of Terra Alta
Wastewater System Project (resubmittal) 96S-215

Dear Mr. Moran:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Terra Alta's (Town) resubmitted preliminary application for its proposed project to rehabilitate the existing sanitary sewer collection system and construct a new treatment plant (Project), and has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Sewer 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 pursue a Small Cities Block Grant (SCBG) of approximately $1,250,000 from the West Virginia Development Office. The Council is aware that due to the Town's failure to bring to completion the 1997 water project for which a SCBG was awarded, the Town is currently ineligible to apply for a SCBG for the Project. However, the Council has declined to increase by $1,250,000 the amount of Infrastructure Fund assistance for which the Town may be eligible. The Town should also pursue a loan of approximately $600,000 from the State Revolving Fund administered by the West Virginia Division of Environmental Protection (DEP). The Town may also be eligible for Infrastructure Fund assistance of approximately $4,780,000. 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 the availability of funds in the Infrastructure Fund. **Please note that this letter does**

6

not constitute funding approval from these funding agencies.

Please immediately notify the Council upon the Town's receipt of either a commitment or denial of funding from the Development Office and DEP. 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. Such determination will be based in part upon the Town's readiness to proceed with the Project.

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

Sincerely,

Russell L. Isaacs

RLI/bjh
Enclosure
cc: J. Michael Johnson, P.E.
Fred Cutlip
James Hall

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (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 22nd day of July, 1999, the Authority received the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, in the principal amount of $200,000, numbered AR-1 (the "Series 1999 A Bonds"), and the Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $4,780,000, numbered BR-1 (the "Series 1999 B Bonds"), both issued as a single, fully registered Bond, and both dated July 22, 1999.

2. At the time of such receipt, all the Series 1999 A Bonds and the Series 1999 B 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 Series 1999 A Bonds, of $25,250, being a portion of the principal amount of the Series 1999 A Bonds. The balance of the principal amount of the Series 1999 A Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 1999 B Bonds, of $96,000, being a portion of the principal amount of the Series 1999 B Bonds. The balance of the principal amount of the Series 1999 B 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 22nd day of July, 1999.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows

Authorized Representative

TOWN OF TERRA ALTA

Mayor

06/28/99
893600/97003

CL510730.2

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

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

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the Town of Terra Alta Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), in the principal amount of $200,000 (the "Series 1999 A Bonds"), and Bond No. BR-1, constituting the entire original issue of the Town of Terra Alta Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), in the principal amount of $4,780,000 (the "Series 1999 B Bonds"), both dated July 22, 1999 (collectively, the "Bonds"), executed by the Mayor and the Recorder of the Town of Terra Alta (the "Issuer") and bearing the official seal of the Issuer, respectively authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on June 28, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation");

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

(3) Executed counterparts of the loan agreement for the Series 1999 A Bonds, dated June 9, 1999, by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection, and a loan agreement for the Series 1999 B Bonds, dated July 22, 1999, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (collectively, the "Loan Agreements"); and

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

You are hereby requested and authorized to deliver the Series 1999 A Bonds to the Authority upon payment to the Issuer of the sum of $25,250, representing a portion of the principal amount of the Series 1999 A Bonds. You are also hereby requested and authorized to deliver the Series 1999 B Bonds to the Authority upon payment to the Issuer of the sum of $96,000, representing a portion of the principal amount of the Series 1999 B Bonds. Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated this 22nd day of July, 1999.

TOWN OF TERRA ALTA

Mayor

06/28/99
893600/97003

(SPECIMEN SERIES 1999 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
SEWER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $200,000

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 TWO HUNDRED THOUSAND DOLLARS ($200,000), 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 June 1, 2001, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated June 9, 1999.

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 sewerage 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 sewerage 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 28, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) NOTE, DATED AUGUST 19, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $278,000 (THE "SERIES 1968 BONDS"); (2) SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 7, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1997 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JULY 22, 1999, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,780,000 (THE "SERIES 1999 B BONDS").

THE SERIES 1968 BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 B Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the

reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 1999 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the 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 July 22, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 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: July 22, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

Charlotte A Morgan

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$25,250	7-22-99	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Terra Alta, West Virginia

Loan Amount of $200,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	2,500.00	-	2,500.00
9/01/2001	2,500.00	-	2,500.00
12/01/2001	2,500.00	-	2,500.00
3/01/2002	2,500.00	-	2,500.00
6/01/2002	2,500.00	-	2,500.00
9/01/2002	2,500.00	-	2,500.00
12/01/2002	2,500.00	-	2,500.00
3/01/2003	2,500.00	-	2,500.00
6/01/2003	2,500.00	-	2,500.00
9/01/2003	2,500.00	-	2,500.00
12/01/2003	2,500.00	-	2,500.00
3/01/2004	2,500.00	-	2,500.00
6/01/2004	2,500.00	-	2,500.00
9/01/2004	2,500.00	-	2,500.00
12/01/2004	2,500.00	-	2,500.00
3/01/2005	2,500.00	-	2,500.00
6/01/2005	2,500.00	-	2,500.00
9/01/2005	2,500.00	-	2,500.00
12/01/2005	2,500.00	-	2,500.00
3/01/2006	2,500.00	-	2,500.00
6/01/2006	2,500.00	-	2,500.00
9/01/2006	2,500.00	-	2,500.00
12/01/2006	2,500.00	-	2,500.00
3/01/2007	2,500.00	-	2,500.00
6/01/2007	2,500.00	-	2,500.00
9/01/2007	2,500.00	-	2,500.00
12/01/2007	2,500.00	-	2,500.00
3/01/2008	2,500.00	-	2,500.00
6/01/2008	2,500.00	-	2,500.00
9/01/2008	2,500.00	-	2,500.00
12/01/2008	2,500.00	-	2,500.00
3/01/2009	2,500.00	-	2,500.00
6/01/2009	2,500.00	-	2,500.00
9/01/2009	2,500.00	-	2,500.00
12/01/2009	2,500.00	-	2,500.00
3/01/2010	2,500.00	-	2,500.00
6/01/2010	2,500.00	-	2,500.00
9/01/2010	2,500.00	-	2,500.00
12/01/2010	2,500.00	-	2,500.00
3/01/2011	2,500.00	-	2,500.00

Town of Terra Alta, West Virginia

Loan Amount of $200,000

20 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	2,500.00	-	2,500.00
9/01/2011	2,500.00	-	2,500.00
12/01/2011	2,500.00	-	2,500.00
3/01/2012	2,500.00	-	2,500.00
6/01/2012	2,500.00	-	2,500.00
9/01/2012	2,500.00	-	2,500.00
12/01/2012	2,500.00	-	2,500.00
3/01/2013	2,500.00	-	2,500.00
6/01/2013	2,500.00	-	2,500.00
9/01/2013	2,500.00	-	2,500.00
12/01/2013	2,500.00	-	2,500.00
3/01/2014	2,500.00	-	2,500.00
6/01/2014	2,500.00	-	2,500.00
9/01/2014	2,500.00	-	2,500.00
12/01/2014	2,500.00	-	2,500.00
3/01/2015	2,500.00	-	2,500.00
6/01/2015	2,500.00	-	2,500.00
9/01/2015	2,500.00	-	2,500.00
12/01/2015	2,500.00	-	2,500.00
3/01/2016	2,500.00	-	2,500.00
6/01/2016	2,500.00	-	2,500.00
9/01/2016	2,500.00	-	2,500.00
12/01/2016	2,500.00	-	2,500.00
3/01/2017	2,500.00	-	2,500.00
6/01/2017	2,500.00	-	2,500.00
9/01/2017	2,500.00	-	2,500.00
12/01/2017	2,500.00	-	2,500.00
3/01/2018	2,500.00	-	2,500.00
6/01/2018	2,500.00	-	2,500.00
9/01/2018	2,500.00	-	2,500.00
12/01/2018	2,500.00	-	2,500.00
3/01/2019	2,500.00	-	2,500.00
6/01/2019	2,500.00	-	2,500.00
9/01/2019	2,500.00	-	2,500.00
12/01/2019	2,500.00	-	2,500.00
3/01/2020	2,500.00	-	2,500.00
6/01/2020	2,500.00	-	2,500.00
9/01/2020	2,500.00	-	2,500.00
12/01/2020	2,500.00	-	2,500.00
3/01/2021	2,500.00	-	2,500.00
Total	**200,000.00**	-	**200,000.00** *

*Plus $253.13 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $20,250.40.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

(SPECIMEN SERIES 1999 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF TERRA ALTA
SEWER REVENUE BOND, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $4,780,000

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 FOUR MILLION SEVEN HUNDRED EIGHTY THOUSAND DOLLARS ($4,780,000), 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 March 1, 2001, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated July 22, 1999.

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 sewerage 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 sewerage 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 16, Article 13 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 June 28, 1999, and a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) NOTE, DATED AUGUST 19, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $278,000 (THE "SERIES 1968 BONDS"); (2) SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), DATED OCTOBER 7, 1997, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $400,000 (THE "SERIES 1997 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 22, 1999, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 1999 A BONDS").

THE SERIES 1968 BONDS AND THE SERIES 1997 A BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if

any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 1999 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 1999 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of 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 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 July 22, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 22, 1999.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
as Registrar

Charlotte L Morgan

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	Amount	Date		Amount	Date
1	96,000.00	07-22-99	16		
2			17		
3			18		
4			19		
5			20		
6			21		
7			22		
8			23		
9			24		
10			25		
11			26		
12			27		
13			28		
14			29		
15			30		

TOTAL $_____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	31,039.00	-	31,039.00
6/01/2001	31,039.00	-	31,039.00
9/01/2001	31,039.00	-	31,039.00
12/01/2001	31,039.00	-	31,039.00
3/01/2002	31,039.00	-	31,039.00
6/01/2002	31,039.00	-	31,039.00
9/01/2002	31,039.00	-	31,039.00
12/01/2002	31,039.00	-	31,039.00
3/01/2003	31,039.00	-	31,039.00
6/01/2003	31,039.00	-	31,039.00
9/01/2003	31,039.00	-	31,039.00
12/01/2003	31,039.00	-	31,039.00
3/01/2004	31,039.00	-	31,039.00
6/01/2004	31,039.00	-	31,039.00
9/01/2004	31,039.00	-	31,039.00
12/01/2004	31,039.00	-	31,039.00
3/01/2005	31,039.00	-	31,039.00
6/01/2005	31,039.00	-	31,039.00
9/01/2005	31,039.00	-	31,039.00
12/01/2005	31,039.00	-	31,039.00
3/01/2006	31,039.00	-	31,039.00
6/01/2006	31,039.00	-	31,039.00
9/01/2006	31,039.00	-	31,039.00
12/01/2006	31,039.00	-	31,039.00
3/01/2007	31,039.00	-	31,039.00
6/01/2007	31,039.00	-	31,039.00
9/01/2007	31,039.00	-	31,039.00
12/01/2007	31,039.00	-	31,039.00
3/01/2008	31,039.00	-	31,039.00
6/01/2008	31,039.00	-	31,039.00
9/01/2008	31,039.00	-	31,039.00
12/01/2008	31,039.00	-	31,039.00
3/01/2009	31,039.00	-	31,039.00
6/01/2009	31,039.00	-	31,039.00
9/01/2009	31,039.00	-	31,039.00
12/01/2009	31,039.00	-	31,039.00
3/01/2010	31,039.00	-	31,039.00
6/01/2010	31,039.00	-	31,039.00
9/01/2010	31,039.00	-	31,039.00
12/01/2010	31,039.00	-	31,039.00
3/01/2011	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	31,039.00	-	31,039.00
9/01/2011	31,039.00	-	31,039.00
12/01/2011	31,039.00	-	31,039.00
3/01/2012	31,039.00	-	31,039.00
6/01/2012	31,039.00	-	31,039.00
9/01/2012	31,039.00	-	31,039.00
12/01/2012	31,039.00	-	31,039.00
3/01/2013	31,039.00	-	31,039.00
6/01/2013	31,039.00	-	31,039.00
9/01/2013	31,039.00	-	31,039.00
12/01/2013	31,039.00	-	31,039.00
3/01/2014	31,039.00	-	31,039.00
6/01/2014	31,039.00	-	31,039.00
9/01/2014	31,039.00	-	31,039.00
12/01/2014	31,039.00	-	31,039.00
3/01/2015	31,039.00	-	31,039.00
6/01/2015	31,039.00	-	31,039.00
9/01/2015	31,039.00	-	31,039.00
12/01/2015	31,039.00	-	31,039.00
3/01/2016	31,039.00	-	31,039.00
6/01/2016	31,039.00	-	31,039.00
9/01/2016	31,039.00	-	31,039.00
12/01/2016	31,039.00	-	31,039.00
3/01/2017	31,039.00	-	31,039.00
6/01/2017	31,039.00	-	31,039.00
9/01/2017	31,039.00	-	31,039.00
12/01/2017	31,039.00	-	31,039.00
3/01/2018	31,039.00	-	31,039.00
6/01/2018	31,039.00	-	31,039.00
9/01/2018	31,039.00	-	31,039.00
12/01/2018	31,039.00	-	31,039.00
3/01/2019	31,039.00	-	31,039.00
6/01/2019	31,039.00	-	31,039.00
9/01/2019	31,039.00	-	31,039.00
12/01/2019	31,039.00	-	31,039.00
3/01/2020	31,039.00	-	31,039.00
6/01/2020	31,039.00	-	31,039.00
9/01/2020	31,039.00	-	31,039.00
12/01/2020	31,039.00	-	31,039.00
3/01/2021	31,039.00	-	31,039.00
6/01/2021	31,039.00	-	31,039.00
9/01/2021	31,039.00	-	31,039.00
12/01/2021	31,039.00	-	31,039.00
3/01/2022	31,039.00	-	31,039.00
6/01/2022	31,039.00	-	31,039.00
9/01/2022	31,039.00	-	31,039.00
12/01/2022	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2023	31,039.00	-	31,039.00
6/01/2023	31,039.00	-	31,039.00
9/01/2023	31,039.00	-	31,039.00
12/01/2023	31,039.00	-	31,039.00
3/01/2024	31,039.00	-	31,039.00
6/01/2024	31,039.00	-	31,039.00
9/01/2024	31,039.00	-	31,039.00
12/01/2024	31,039.00	-	31,039.00
3/01/2025	31,039.00	-	31,039.00
6/01/2025	31,039.00	-	31,039.00
9/01/2025	31,039.00	-	31,039.00
12/01/2025	31,039.00	-	31,039.00
3/01/2026	31,039.00	-	31,039.00
6/01/2026	31,039.00	-	31,039.00
9/01/2026	31,039.00	-	31,039.00
12/01/2026	31,039.00	-	31,039.00
3/01/2027	31,039.00	-	31,039.00
6/01/2027	31,039.00	-	31,039.00
9/01/2027	31,039.00	-	31,039.00
12/01/2027	31,039.00	-	31,039.00
3/01/2028	31,039.00	-	31,039.00
6/01/2028	31,039.00	-	31,039.00
9/01/2028	31,039.00	-	31,039.00
12/01/2028	31,039.00	-	31,039.00
3/01/2029	31,039.00	-	31,039.00
6/01/2029	31,039.00	-	31,039.00
9/01/2029	31,039.00	-	31,039.00
12/01/2029	31,039.00	-	31,039.00
3/01/2030	31,039.00	-	31,039.00
6/01/2030	31,039.00	-	31,039.00
9/01/2030	31,039.00	-	31,039.00
12/01/2030	31,039.00	-	31,039.00
3/01/2031	31,039.00	-	31,039.00
6/01/2031	31,039.00	-	31,039.00
9/01/2031	31,039.00	-	31,039.00
12/01/2031	31,039.00	-	31,039.00
3/01/2032	31,039.00	-	31,039.00
6/01/2032	31,039.00	-	31,039.00
9/01/2032	31,039.00	-	31,039.00
12/01/2032	31,039.00	-	31,039.00
3/01/2033	31,039.00	-	31,039.00
6/01/2033	31,039.00	-	31,039.00
9/01/2033	31,039.00	-	31,039.00
12/01/2033	31,039.00	-	31,039.00
3/01/2034	31,039.00	-	31,039.00
6/01/2034	31,039.00	-	31,039.00
9/01/2034	31,039.00	-	31,039.00

Town of Terra Alta, West Virginia

Infrastructure Fund (Series 1998A) Loan of $4,780,000
0% Interest Rate

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2034	31,039.00	-	31,039.00
3/01/2035	31,039.00	-	31,039.00
6/01/2035	31,039.00	-	31,039.00
9/01/2035	31,039.00	-	31,039.00
12/01/2035	31,039.00	-	31,039.00
3/01/2036	31,039.00	-	31,039.00
6/01/2036	31,039.00	-	31,039.00
9/01/2036	31,039.00	-	31,039.00
12/01/2036	31,039.00	-	31,039.00
3/01/2037	31,039.00	-	31,039.00
6/01/2037	31,039.00	-	31,039.00
9/01/2037	31,039.00	-	31,039.00
12/01/2037	31,039.00	-	31,039.00
3/01/2038	31,038.00	-	31,038.00
6/01/2038	31,038.00	-	31,038.00
9/01/2038	31,038.00	-	31,038.00
12/01/2038	31,038.00	-	31,038.00
3/01/2039	31,038.00	-	31,038.00
6/01/2039	31,038.00	-	31,038.00
Total	**4,780,000.00**	**-**	**4,780,000.00**

YIELD STATISTICS

Bond Year Dollars	$99,105.22
Average Life	20.733 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.05E-10
Bond Yield for Arbitrage Purposes	1.05E-10
All Inclusive Cost (AIC)	1.05E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.733 Years

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

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. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

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

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
SUITE 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

July 22, 1999

Town of Terra Alta
Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program)

Town of Terra Alta
Terra Alta, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
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 $200,000 Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), 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 June 9, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), 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 payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, and ending March 1, 2021, 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 16, Article 13 and Chapter 22C, Article 2 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 sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 28, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System 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 DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) note, dated August 19, 1968, issued in the original aggregate principal amount of $278,000; (ii) Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated October 7, 1997, issued in the original aggregate principal amount of $400,000; and (iii) Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated July 22, 1999, issued concurrently herewith in the original aggregate principal amount of $4,780,000, 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, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest 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 set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

STEPTOE & JOHNSON

06/17/99
893600/97003

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. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

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

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

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

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
SUITE 2210
FAIRMONT, W. VA. 26554-8824
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FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

July 22, 1999

Town of Terra Alta
Sewer Revenue Bonds,
Series 1999 B (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 $4,780,000 Sewer Revenue Bonds, Series 1999 B (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 July 22, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between among 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 payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2001, and ending June 1, 2039, 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 16, Article 13 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 sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 28, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System 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 or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) note, dated August 19, 1968, issued in the original aggregate principal amount of $278,000; (ii) Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated October 7, 1997, issued in the original aggregate principal amount of $400,000; and (iii) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated July 22, 1999, issued concurrently herewith in the original aggregate principal amount of $200,000, 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, political subdivision or agency thereof, and the interest on the Bonds, if any, is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest 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 set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

Steptoe & Johnson

STEPTOE & JOHNSON

06/17/99
893600/97003

Sheila Kae Williams
ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET
Kingwood, West Virginia 26537

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

July 22, 1999

Town of Terra Alta
Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

Town of Terra Alta
Terra Alta, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
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 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 for the Series 1999 A Bonds, dated June 9, 1999, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), a loan agreement for the Series 1999 B Bonds, dated July 22, 1999, including all schedules and exhibits attached thereto, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (collectively, the "Loan Agreement"), a Bond Ordinance duly

enacted by the Issuer on June 28, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

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 and the Sanitary Board 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 Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

4. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound 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, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Division of Environmental Protection, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on March 18, 1999, in Case No. 98-1186-S-CN, 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 Net Revenues therefor.

7. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy.

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

Very truly yours,

SHEILA K. WILLIAMS, ESQUIRE

06/17/99
893600/97003

Sheila Kae Williams
ATTORNEY AT LAW

GARDEN TOWERS, SUITE 314
202 TUNNELTON STREET
Kingwood, West Virginia 26537

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(304) 329-1203 FAX

July 22, 1999

Rosalie Brodersen
West Virginia Division of
Environmental Protection
617 Broad Street
Charleston, WV 25301

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

Re: Town of Terra Alta, Preston County, West Virginia, Sanitary Sewer Collection System Improvements

Dear Ms. Brodersen and Ms. Riggs:

This firm represents the Town of Terra Alta, West Virginia, and its Sewer Board with regard to a proposed project to make improvements to the sanitary sewer collection system (the "Project"), and does provide this final title opinion on behalf of the Town of Terra Alta, West Virginia, and its Sewer Board to satisfy the requirements of the West Virginia Division of Environmental Protection and the West Virginia Infrastructure and Jobs Development Council with regard to the agencies' financing proposed for the Project. The following is applicable as to the title opinion for the Project:

1. That I am of the opinion that the Town of Terra Alta, West Virginia, is a duly created and existing municipal corporation of the State of West Virginia possessed with all of the powers and authority granted to municipal corporations under the laws of the State of West Virginia and it has the full power and authority to construct, operate and maintain the Project as approved by the Division of Environmental Protection.

2. That the Town of Terra Alta, West Virginia, has obtained approval for all

necessary permits and approvals required for the construction of the Project.

3. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.

4. That I have examined the records on file in the office of the Clerk of the County Commission of Preston County, West Virginia, the county in which the Project is located, and, in my opinion, the Town of Terra Alta, West Virginia, has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed, except as follows:

The following listed properties are being acquired by eminent domain, the condemnation actions to be filed with the Circuit Court of Preston County within the next thirty (30) days, and the Town of Terra Alta, West Virginia, has the power to take such action; however, such title acquired by condemnation is defeasible in the event the Town of Terra Alta does not satisfy any resulting judgment and/or award in the proceedings for acquisition of said properties, and my certification is subject to such litigation:

Property Owner	Tax Map	Parcel
Eleanor L. Powell/Dennis Carrico	05	64
Chester E. Wolfe, Trustee	09	13
Clarence Noakes and Wilma Noakes	05	116
James A. Sines and Edna P. Sines	04	49
Audra C. Friend and Sandra Friend	04	39.2

The following listed properties are being acquired by voluntary assignments which are being processed at this time and should be returned via United States mail within twenty (20) days. Should the properties be unable to be acquired voluntarily, the property will be acquired by eminent domain with the same requirements and reservations as set forth in the immediate prior section of this opinion:

Property Owner	Tax Map	Parcel
CSX Transportation, Inc.	Various locations	
James Taylor	05	124
Roman Catholic Diocese	06	31
Florence M. Delio Holly, et al	05	116
Randall Jones Heirs	05	200, 201
Betty J. Straughan, et al	05	192, 193, 194, 195

The following listed property is being acquired by a court proceeding to request permission of the Court for the Conservator of the Owner to execute a right-of-way for property

owned by that individual:

Property Owner	Tax Map	Parcel
Thelma Graham	03	11

That all of the above listed properties remaining to be acquired by the Town of Terra Alta may be acquired, if not acquired by other proceedings, by eminent domain. Further, said properties are not in such a location as they pertain to the Project as to be required or needed during the first sixty (60) days of construction of the Project and this projected delay in obtaining the properties will not delay the project. The Town of Terra Alta will have acquired the right of entry or voluntary assignment of rights on or before sixty (60) days of the date of this opinion.

5. That all deeds and rights-of-way which have been acquired to date by the Town of Terra Alta, West Virginia, have been duly recorded in the aforesaid County Clerk's office in order to protect the legal title to and interest of the Town of Terra Alta, West Virginia.

Very truly yours,

Sheila Kae Williams
Legal Counsel
Town of Terra Alta, West Virginia, and its
Sewer Board

SKW/tls
xc: Vince Collins

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (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
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. SIGNATURES AND DELIVERY
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. PUBLIC SERVICE COMMISSION ORDER
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. GRANTS
20. YEAR 2000 COMPLIANCE

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 Issuer's Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), and Series 1999 B (West Virginia Infrastructure Fund), both dated the date hereof (collectively, the "Bonds" or the "Series 1999 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted June 28, 1999, and the Supplemental Resolution duly adopted June 28, 1999 (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 the Grant proceeds or Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the 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, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can 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 1999 Bonds as to liens, pledge, source of and security for payment, being the note, dated August 19, 1968, issued in the original aggregate principal amount of $278,000 (the "Series 1968 Bonds"), and the Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), dated October 7, 1997, issued in the original aggregate principal amount of $400,000 (the "Series 1997 A Bonds") (collectively, the "Prior Bonds"). The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 1999 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the terms and provisions of the Ordinances under which the Prior Bonds were issued and no default exists with respect to 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

SRF Loan Agreement

Infrastructure Council Loan Agreement

Public Service Commission Order

Infrastructure Council Approval

Charter

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer 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

NPDES Permit

Evidence of Small Cities Block Grant

1968 Ordinance

Consent of Holder of 1968 Bond

1997 Ordinance and Supplemental Resolution

Consent of Holder of 1997 Bond

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

Name			Date of Commencement of Office	Date of Termination of Office
Charles R. Feather	-	Mayor	July 1, 1999	June 30, 2001
Karen A. Nordeck	-	Recorder	July 1, 1999	June 30, 2001
Stanley Myers	-	Councilmember	July 1, 1999	June 30, 2001
Christopher DeLauder	-	Councilmember	July 1, 1999	June 30, 2001
William Phillips	-	Councilmember	July 1, 1999	June 30, 2001
John Burns	-	Councilmember	July 1, 1999	June 30, 2001
Diane Harrison	-	Councilmember	July 1, 1999	June 30, 2001

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

Chairman	-	Charles Feather
Member	-	Ima Thomas
Member	-	Larry Bayles, P.E.

The duly appointed and acting Counsel to the Issuer is Sheila K. Williams, Esquire, in 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 the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds.

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

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

10. 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.

11. RATES: The Issuer has duly enacted a sewer rate ordinance on November 12, 1998, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Recorder did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or 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 of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received $25,250 from the Authority and the DEP, being a portion of the principal amount of the

Series 1999 A Bonds and $96,000 from the Authority and the Council, being a portion of the principal amount of the Series 1999 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. 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 *The Preston County Journal* and *The Preston County News*, two qualified newspapers of general circulation in the Town of Terra Alta, there being no newspaper 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 Governing Body at the public hearing held at a public meeting of Governing Body on the 28th day of June, 1999, at 7:00 p.m., at the Terra Alta Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on March 18, 1999, in Case No. 98-1186-S-CN, 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.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond 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.

18. CLEAN WATER ACT: The Project as described in the Bond Ordinance complies with Sections 208 and 303(e) of the Clean Water Act.

19. GRANTS: As of the date hereof, the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,250,000 and funds of the Issuer in the amount of $120,000 are committed for the Project.

20. YEAR 2000 COMPLIANCE: The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purposes of this paragraph, "Year 2000 Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process date-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all principal and interest payments for the Bonds as and when they become due.

WITNESS our signatures and the official seal of the TOWN OF TERRA ALTA on this 22nd day of July, 1999.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Mayor
	Recorder
	Counsel to the Issuer

06/28/99
893600/97003

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (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 (the "Project") to the existing public sewerage system (the "System") 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 the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on June 28, 1999, as supplemented by the Supplemental Resolution adopted by the Issuer on June 28, 1999, and the Loan Agreement for the Series 1999 A Bonds, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP") and the West Virginia Water Development Authority (the "Authority"), dated June 9, 1999, and the Loan Agreement for the Series 1999 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated July 22, 1999.

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

the Issuer's counsel, Sheila K. Williams, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (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 necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Dorinda K. Kisner, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions 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, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project and Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 22nd day of July, 1999.

THRASHER ENGINEERING, INC.

(SEAL)

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

07/07/99
893600/97003

CL510844.2

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL
SCHEDULE B
Town of Terra Alta
Wastewater Treatment Plant and Collection System Project 96S-215
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. COST OF PROJECT	TOTAL	IJDC LOAN	HUD GRANT	SRF LOAN	LOCAL
1. Construction (Based on Bids)					
a. Contract No. 1	$2,548,966.00	$1,056,541.00	$1,200,000.00	$174,500.00	$117,925.00
b. Contract No. 2	$750,680.00	$750,680.00			
c. Contract No. 3	$1,899,000.00	$1,899,000.00			
2. Technical Services					
a. Planning & Design					
b. Basic	$102,957.00	$102,957.00			
c. Other	$102,146.00	$102,146.00			
d. Inspection	$257,000.00	$257,000.00			
3. Legal & Fiscal					
a. Legal	$30,000.00	$30,000.00			
b. Accountant	$2,075.00				$2,075.00
4. Administrative	$50,000.00		$50,000.00		
5. Sites and Other Lands					
a. Land Payments	$40,000.00	$40,000.00			
b. WVDOH Inspection/Permit Fees	$15,000.00	$15,000.00			
c. CSX Railroad Fees	$20,000.00	$20,000.00			
6. Step I or II or Other Loan Rep.					
7. Interim Financing Costs					
8. Contingency	$506,676.00	$506,676.00			
9. Total of Lines 1 through 8	$6,324,500.00	$4,780,000.00	$1,250,000.00	$174,500.00	$120,000.00

B. SOURCES OF FUNDS					
10. Federal Grants:					
a. Small Cities Block Grant	$1,250,000.00		$1,250,000.00		
b.					
11. State Grants:					
a.					
b.					
12. Other Grants:					
13. Any Other Source: (1)					
a. SRF Loan	$200,000.00			$174,500.00	
b. Local	$120,000.00				$120,000.00
14. Infrastructure Fund Grant					
15. Total of Lines 10 through 14	$1,570,000.00	$4,780,000.00	$1,250,000.00	$174,500.00	$120,000.00
16. Net Proceeds Required from					
Bond Issue (Line 9 minus Line 15)	$4,754,500.00				

C. COST OF FINANCING					
17. Funded Reserve Account (2)					
18. Other Costs (3)					
a. Bond Counsel	$25,000.00			$25,000.00	
b. Registrar	$500.00			$500.00	
19. Total Cost of Financing	$25,500.00			$25,500.00	
17. Size of Bond Issue					
(Line 16 plus Line 19)	$4,780,000.00	$4,780,000.00	$1,250,000.00	$200,000.00	$120,000.00

GOVERNMENTAL AGENCY

CONSULTING ENGINEER

7-22-99
DATE

7-15-99
DATE

1. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation.
2. Consult with bond counsel and the Council before assuming a funded reserve.
3. For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.

DORINDA K. KISNER

CERTIFIED PUBLIC ACCOUNTANT

406 B East State Avenue
Terra Alta, WV 26764
Phone (304) 789-6082
Fax (304) 789-6082

Kingwood (Ames) Plaza
Main Street
Kingwood, WV 26537
Phone (304) 329-6082

Town of Terra Alta
Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

West Virginia Water Development
Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
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 sewer rate ordinance of the Town of Terra Alta (the "Issuer"), enacted November 2, 1998, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Thrasher Engineering, Inc. as of July 22, 1999, it is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer (the "System"), 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 Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), to be issued in the respective original aggregate principal amounts of $200,000 and $4,780,000 to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with the Bonds, including the Issuer's note, dated August 19, 1968, and Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program) (collectively, the "Prior Bonds"). It is my further opinion that the Net Revenues

actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three succeeding years after the completion of the improvements to be financed by the 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 Bonds and the Prior Bonds.

I have not audited or reviewed the information provided by Thrasher Engineering or management, and accordingly, do not express an opinion or any other form of assurance on it. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. I accept no responsibility to update this report for events and circumstances after the date of this report.

Dorinda Kisner, CPA
July 22, 1999

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 be adjourned 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 Cranberry. } 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 P. Jones, Farley DeBerry, L. D. Starkey, B. Fraley, W. T. White, Wm. A. McSimmis and E. J. Miller freeholders in the town of Cranberry 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 Times" a weekly newspaper published in said Town of Cranberry in said County, and no person appearing and filing answer to said petition or objecting to the prayer of said petitioners, On consideration whereof it is adjudged, ordered and decreed that the name of the said Town of Cranberry 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 Cranberry appears in the said Charter, the same shall be regarded as stricken out and the name of Terra Alta be inserted in lieu thereof.

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

Attest
J. N. Watson Clerk
of the Circuit Court of Preston County.

The proceedings of the Court on today were read before they were signed.

Ordered that the Court do now adjourn.

Joseph T. Hoke

[illegible] Circuit Court of Preston County, Special Ter[illegible]

[illegible] Town of Cranberry. Exparte.

For reasons appearing to the [illegible] in this Cause on a former day of this term is [illegible] day came again the petitioners John R. Jones, [illegible] Starkey, B. Fraley, W. T. White, [illegible] A. McDonald and [illegible] in the Town of Cranberry in this County and [illegible] satisfaction of the Court that the order [illegible] March Term 1890 of this Court has been duly [illegible] sive weeks at the front door of the Court house [illegible] published for the same length of time in the [illegible] weekly newspaper published in said Town of Cranberry and no person appearing and filing answer [illegible] objection to the prayer of said petitioners on [illegible] of it is adjudged, ordered and decreed that the [illegible] Town of Cranberry be and the same is hereby [illegible] Terra Alta by which name the said Town shall [illegible] and known, and that the Charter of Incorporation of [illegible] and the same is hereby so amended and altered that [illegible] name of Cranberry appears in the said charter [illegible] regarded as stricken out and the name of Terra Alta [illegible] thereof.

[illegible]

Judge of the Circuit Court of [illegible]

Attest:

[illegible]

Clerk of the Circuit Court of Preston County.

[illegible]

Teste: [illegible]

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 *19* 99 *to the best of my skill and judgment. So help me God.*

(Sign Here) Stanley Myers

Subscribed and sworn to before the undersigned this 28 *day of* June *19* 99

Charles R Beatty

~~County Clerk~~
~~Kingwood~~, W. VA.

Mayor

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 THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR *term commencing on the* FIRST *day of* JULY *19* 99 *to the best of my skill and judgment. So help me God.*

(Sign Here) Karen A. Nordeck

Subscribed and sworn to before the undersigned this 28 *day of* June *19* 99

Charles R Beatty

~~County Clerk~~
~~Kingwood~~, W. VA.

Mayor

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* 99 *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 28 *day of* June *19* 99

Mayor

~~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* FIRST *day of* JULY *19* 99 *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 28 *day of* June *19* 99

Mayor

~~County Clerk~~
~~Kingwood~~, W. VA.

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, DIANA L. HARRISON *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* 99 *to the best of my skill and judgment. So help me God.*

(Sign Here) Diana L. Harrison

Subscribed and sworn to before the undersigned this 29th *day of* June *19* 99

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SARAH E. METHENY
[illegible]

Sarah Metheny

~~County Clerk~~
~~Kingwood, W. VA.~~

STATE OF WEST VIRGINIA, COUNTY OF PRESTON, SS:

I, CHRISTOPHER L. DeLAUDER *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* 99 *to the best of my skill and judgment. So help me God.*

(Sign Here) Christopher L. DeLauder

Subscribed and sworn to before the undersigned this 28 *day of* June *19* 99

Mayor

~~County Clerk~~
~~Kingwood~~, W. VA.

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 THE TOWN OF TERRA ALTA

of Preston County, for the TWO YEAR *term commencing on the* FIRST *day of* JULY *19* 99 *to the best of my skill and judgment. So help me God.*

(Sign Here) Charles R. Feather

Subscribed and sworn to before the undersigned this 28th *day of* June *19* 99

Karen A. Sordelet

Recorder

~~County Clerk~~
~~Kingwood~~, W. VA.

TOWN OF TERRA ALTA

ORDINANCE CREATING A SANITARY BOARD
OF THE TOWN OF TERRA ALTA

WHEREAS, the Town of Terra Alta (the "Town") now contemplates the issuance of its sewer revenue bonds to finance the acquisition, construction and equipping of a sanitary sewerage system, and future additions, extensions and improvements thereto (the "System"), pursuant to Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"); and

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

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

Section 1. The Council of the Town (the "Council") does hereby create and establish a Sanitary Board (the "Sanitary Board" or "Board"), with all powers and duties as provided in and pursuant to the Act.

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

Section 3. Organizational Meetings; Vice Chairman, Secretary, Treasurer; Official Bonds. As soon as may be practicable following the appointment of a new member of the Sanitary Board, the Board shall hold an organizational meeting and choose a vice chairman from among its members, and a secretary and treasurer, who may be one person

and need not be a Board member, and such officers shall hold office at the will of the Board. No bond shall be required of the Board members as such, but the treasurer, whether a member of the Board or not, shall give bond as required under Section 9 hereof.

Section 4. Compensation and Expenses of Board Members. The members of the Sanitary Board shall receive such compensation, if any, for their services, either as a salary or as payments for meetings attended, as the Council may from time to time determine, and shall be entitled to payment for their reasonable expenses incurred in the performance of their duties. Any such compensation and expenses shall be paid solely from funds derived from the System, but there shall be no liability upon the Town for any compensation or expenses so incurred.

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

B. The Sanitary Board shall have power to take all steps and proceedings and to make and enter into all contracts or agreements necessary or incidental to the performance of its duties and the execution of the powers granted to such Board by the Act, as the same now exists and may hereafter be amended; but the powers of the Sanitary Board shall be subject to all restrictions and limitations contained in the Act as the same now exists or may hereafter be amended.

C. The Sanitary Board may employ engineers, architects, inspectors, superintendents, managers, collectors, attorneys and such other personnel as in its judgment may be necessary in the execution of its powers and duties, and may fix their compensation, all of whom shall do such work as the Board shall direct. All such compensation and all expenses incurred in carrying out the provisions of the Act shall be paid solely and only from funds provided under the authority of the Act, and the Board shall not exercise or carry out any authority or power given it so as to bind the Board or the Town beyond the extent to which money shall have been or may be provided under the authority of the Act. No contract or agreement with any contractor or contractors for labor and/or material exceeding the sum of $5,000 shall be made without advertising for bids, which bids shall be publicly opened and award made to the best bidder, with power in the Board to reject any and all bids.

D. The construction, acquisition, improvement, equipment, custody, operation and maintenance of any such works for the collection, treatment or disposal of sewage and the collection of revenues therefrom for the service rendered thereby shall be under the supervision and control of the Sanitary Board.

E. After the construction, acquisition, installation and completion of such works, the Sanitary Board shall operate, manage and control the same and may order and

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

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

Section 7. Publication of Financial Statement. The Sanitary Board shall prepare a financial statement and cause it to be published as a Class I legal advertisement in compliance with the provisions of Chapter 59, Article 3 of the West Virginia Code of 1931, as amended, and the publication area for such publication shall be the sanitary district. Such statement shall contain an itemized account of the receipts and expenditures of the Board during the previous fiscal year, showing the source from which all money was derived, and the name of the person to whom an order was issued, together with the amount of such order, and why such order was issued, arranging the same under distinct heads, and including all money received and expended from the sale of bonds, and also a specific statement of the debts of such Board, showing the purpose for which any debt was contracted, the amount of money in all funds at the end of the preceding year, and the amount of uncollected service charges. Such statement shall be prepared and published by the Board as soon as practicable after the close of the fiscal year. The statement shall be sworn to by the chairman and secretary and treasurer of the Board.

Section 8. Procedure for Disbursement of Funds. All funds under the supervision of the Sanitary Board shall be disbursed, as disbursements are required, by check drawn upon the proper fund or account, and such checks shall be properly signed by the authorized officer or agent of the Board. All such disbursements shall be approved by the Board.

Section 9. Fidelity Bonds. The Sanitary Board shall require all persons who collect or otherwise handle funds of the Board or the System to furnish a good and proper bond, with a recognized and reputable surety, conditioned upon the faithful performance of their duties and for the proper handling and care of said funds in their hands. Such bond shall be in an amount equal to the sum of money which might at any one time be in the hands of such person or persons.

Section 10. Conflicting Provisions Repealed. All ordinances, resolutions, indentures or orders, or parts thereof, in conflict with the provision of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11. Effective Date. This Ordinance shall take effect immediately following the second reading hereon.

Passed on First Reading: May 12, 1997

Passed on Second Reading: May 20, 1997

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 20th day of May, 1997.

Dated: October 7, 1997.

[SEAL]

Karen A. Sroka

Recorder

09/24/97
893600/97001

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

PETITION OF SANITARY BOARD

The Sanitary Board of the Town of Terra Alta (the "Town") hereby petitions the Council of the Town to enact an ordinance directing that sewer revenue bonds of the Town be issued pursuant to the provisions of Chapter 16, Article 13, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $4,980,000 for the purpose of financing the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system for the Town, together with all necessary appurtenances, and the costs of issuance and related costs.

Directed this 12th day of May, 1999.

SANITARY BOARD OF THE TOWN OF
TERRA ALTA

Chairman

05/11/99
893600/97003

CL510849.2

AN ORDINANCE ESTABLISHING THE FINANCIAL MAINTENANCE OF THE MUNICIPAL SEWERAGE SYSTEM AND TREATMENT PLANT OF THE TOWN OF TERRA ALTA, WEST VIRGINIA, AND FURTHER PROVIDING FOR OTHER RULES AND REGULATIONS OF THE SEWERAGE SYSTEM TO BE UNDER THE SUPERVISION AND CONTROL OF A SANITARY BOARD CREATED UNDER A SEPARATE ORDINANCE OF THE TOWN OF TERRA ALTA, WEST VIRGINIA.

WHEREAS, the Town of Terra Alta has maintained a sewage system and treatment plant for the Town of Terra Alta, West Virginia, and is dependent on use thereof by the residents of said Town; and,

WHEREAS, the Town has previously adopted an Ordinance establishing a Sanitary Sewer Board on May 20, 1997, which Ordinance is in effect and which Sewer Board is appropriately functioning thereunder; and,

WHEREAS, the Town did further previously adopt Ordinances for the Town of Terra Alta in regard to the Sewer System which Ordinances are identified as follows:

1) "An Ordinance providing for the custody, administration, and maintenance of the municipal sewerage system and treatment plant of the town of Terra Alta, West Virginia, to be under the supervision and control of a sanitary board, creating a sanitary board, and specifying the terms and qualifications of the board member" adopted August 6, 1968.

2) "An Ordinance providing for the establishment of the use of the municipal sanitary sewerage system in the Town of Terra Alta and declaring an emergency" adopted March 13, 1978.

3) "An Ordinance to amend a prior Ordinance dated September 13, 1968,

22

ti 'An ordinance for the establishment of the use of the municipal sanitary system in the town of Terra Alta and declaring an emergency' " adopted May 5, 1988.

4) "An Ordinance to amend a prior ordinance dated May 5, 1988, titled, 'An ordinance for the establishment of the use of the municipal sanitary system in the Town of terra Alta and declaring an emergency' " adopted June 11, 1990.

5) "An amendment to an Ordinance dated June 11, 1990, titled 'An Ordinance for the establishment of the use of the municipal sanitary system in the Town of terra Alta and declaring an emergency' " adopted January 13, 1992.

6) "An amendment to an Ordinance entitled 'An Ordinance providing for the custody, administration, and maintenance of the municipal sewage system and treatment plant of the Town of Terra Alta, West Virginia, to be under the supervision and control of a sanitary board, creating a sanitary board and specifying the terms and qualifications of the Board members' " adopted September 14, 1992; and,

WHEREAS, the Town does desire to amend and re-enact all of the aforenamed ordinances so as to create one management ordinance for the sewer system and to continue to maintain the previously adopted Ordinance creating a Sanitary Board as a separate Ordinance; and,

WHEREAS, the Town is presently processing matters to construct a sewer plant and to update sewer lines and facilities for the sewer users and does desire to establish new sewer user rates to become effective upon a substantial completion of the plant and other sewer improvements; and,

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Terra Alta, Preston County, West Virginia, that this Ordinance be enacted and shall supercede and amend

.d re-enact as one Ordinance all of the aforenamed Ordinances previously adopted by the Council of Terra Alta, which said Ordinance as adopted shall read as follows:

ARTICLE I: GENERAL APPLICATION

SECTION 1: That this Ordinance shall be applicable to every person, firm, corporation, partnership or association whose premises will be served by the Sanitary Sewer System of the Town of Terra Alta.

ARTICLE II: ENVIRONMENTAL PROTECTION REQUIREMENTS

SECTION 1: This Section is adopted in accordance with Public Law 92-500.

SECTION 2: For purposes of this Ordinance the terms set forth herein as defined as follows:

"Sanitary Sewage": The waste from water closets, urinals, lavatories, sinks, bath tubs, showers, household laundries, cellar floor drains, garage floor drains, bars, soda fountains, cuspidors, refrigerator dips and drinking fountains, and any other water-borne waste not constituting an industrial waste.

"Acceptable industrial wastes": Being liquid organic waste materials not containing toxic or explosive elements or other substances injurious to sewers or sewage treatment processes, which result from any commercial, manufacturing or industrial operation or process.

"Non-acceptable industrial wastes": Being liquid wastes in which are incorporated minerals, il, acid, toxic metallic or chemical substances, resulting from any commercial, manufacturing or industrial operation or process.

"Non-sanitary wastes": Being liquid wastes considered to be sanitary sewer

inflow or clean water discharges such as roof drains, basement foundation drainage, sump pump effluent or any other non-sanitary source or water.

SECTION 3: The discharge of non-acceptable industrial wastes, as described above, into the System, whether directly or indirectly, is hereby prohibited. Any person, firm, corporation, partnership, or association who shall violate the provisions of this section shall be deemed guilty of a misdemeanor, and, upon conviction thereof or by a plea of guilty thereto, shall be punished by a fine of not less than twenty-five dollars ($25.00) nor more than five hundred dollars ($500.00). The continued failure or refusal of such convicted person, firm, corporation, partnership, or association, to make such alterations necessary to prevent such discharge, shall constitute a separate, distinct and additional offense for each twenty-four hour period of such failure or refusal, and upon conviction thereof or by a plea of guilty thereto, the violator shall be fined not less than twenty-five dollars ($25.00) nor more than five hundred dollars ($500.00) for each such conviction or plea of guilty.

SECTION 4: The discharge of non-sanitary waste, as described in Section 2 above, into the System, whether directly or indirectly, is hereby prohibited. Any person, firm, corporation, partnership, or association who shall violate the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof or by a plea of guilty thereto, shall be punished by a fine or not less than ten dollars ($10.00) nor more than one hundred dollars ($100.00). The continued failure or refusal of such convicted person, firm, corporation, partnership, or association, to make the alterations necessary to prevent such discharge, shall constitute a separate, distinct and additional offense for each twenty-four hour period of such failure or refusal, and upon conviction thereof or by a pleas of guilty thereto, the violator shall be fined

not less than ten dollars ($10.00) nor more than one hundred dollars ($100.00) for each such conviction or plea of guilty.

ARTICLE III: SEWER TAP FEES AND ASSOCIATED REQUIREMENTS

SECTION 1: Sewer Tap Fees

The Sewer tap fees shall be set in regard to the location of said tap as follows:

1)	Stone Street	$250.00
2)	Paved Street	$350.00
3)	State Highway	Actual cost incurred

SECTION 2: Property owners are responsible for installing sewer lines to a pint designated by the Town of Terra Alta, being the connection point to the main sewer line. The Town will extend lines from existing main up to fifty (50) feet or to the property line to be served, whichever comes first. Any extension of the sewer main in excess of fifty (50) feet will be a cost charged to the requesting customer for the line installation and associated costs beyond the initial fifty (50) feet.

SECTION 3: The customer using the sewer line must install clean-outs every one hundred (100) feet. The Town will install a clean-out at the property line.

ARTICLE IV: MINIMUM RATES ESTABLISHED

SECTION 1: Availability of Service

Available for general domestic, commercial, industrial, and resale service.

SECTION 2: Rates

Minimum Bill	$19.50 for 3,000 gallons
Base Rate	$ 6.50 per 1,000 gallons used per month

SECTION 3: Minimum Monthly Charge

For unmetered residential users, a flat rate of $24.50 will be charged to all unmetered residential users such as those receiving water from wells.

SECTION 4: Hopemont Transmission and Treatment

Base rate @ $5.00 per 1,000 gallons

SECTION 5: Delayed Payment Penalty

The above tariff is net. Any account not paid in full within twenty (20) days of date of bill, ten percent (10%) will be added to amount due. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

SECTION 6: Applicable Date for Rates

The rate schedule set forth within this Article IV of this Ordinance shall become effective and be charged for sewer use upon the substantial completion of the new construction project for the Terra Alta Sewerage System. The Sanitary Board shall determine the date of substantial completion of said project and shall give notice to users of the implication of the new rates by a Class I public legal notice or by notice on the sewer user billing at least thirty (30) days prior to the effective date of said rates. Until such date that the new rates established herein become effective, the present rates adopted and in force within the Town shall be applicable for charges incurred from sewer usage by those connected to the present Sewer System.

ARTICLE V: RESTRICTIVE USE OF OTHER FORM OF SEWER SYSTEM WITHIN TOWN

No individually owned septic system or septic tank nor multi-user septic system nor any other form of sewage system and treatment plant, other than that sewage system maintained by

the Town shall be permitted within the municipal boundaries of the Town of Terra Alta, Preston County, West Virginia, unless approved by the Sanitary Board of the Town of Terra Alta. Upon application to the said Sanitary Board for use of a sewage system separate from that maintained by the Town, the Board shall determine if it can adequately supply said sewage service to said applicant and only upon such a determination that sewage service cannot be adequately provided shall the Sanitary Board approve the installation and use of an individual septic tank or other multi-user sewage system and treatment plant or any other form of sewage treatment within the municipal boundaries. Notice of this provision shall be given to the Department of Health verifying the requirement of the usage of the municipal sewage system within said municipal boundaries.

This Ordinance shall become effective forty-five days from the date of passage, pending the appropriate approval of said rates by the Public Service Commission of the State of West Virginia.

This Amendment to the Ordinance adopted this 2nd day of November, 1998.

Charles R. Feather, Mayor

Attest:

Karen A Nordeck
Recorder

FIRST READING: October12,. 1998

SECOND READING: November 2,. 1998

Certificate of Publication

LEGAL NOTICE

PUBLIC NOTICE OF CHANGE IN RATES BY TOWN OF TERRA ALTA

solution was adopted by the Council of the Town of Terra Alta on October 12, 1998, g and authorizing the Town Mayor to publish notice to all persons concerned that nance has been introduced at a meeting of the Town Council proposing certain nents to rates and charges to be charged by the Sanitary Board of the Town of lta for sewer usage within the Municipality of Terra Alta and the surrounding area viding for a hearing at which interested persons may appear.

eas, on October 12, 1998, an Ordinance was introduced in the Council of this hich would amend and re-enact into one Ordinance an Ordinance entitled "AN ANCE ESTABLISHING THE FINANCIAL MAINTENANCE OF THE IPAL SEWERAGE SYSTEM AND TREATMENT PLANT OF THE TOWN OF ALTA, WEST VIRGINIA, AND FURTHER PROVIDING FOR OTHER RULES EGULATIONS OF THE SEWERAGE SYSTEM TO BE UNDER THE VISION AND CONTROLS OF A SANITARY BOARD CREATED UNDER A ATE ORDINANCE OF THE TOWN OF TERRA ALTA, WEST VIRGINIA."

xroposed changes set forth in Article IV are as follows:

CTION 2: Rates

Minimum Bill	$19.50 for 3,000 gallons
Base Rate	$6.50 per 1,000 gallons used per month

CTION 3: Minimum Monthly Charge

For unmetered residential users, a flat rate of $24.50 will be charged to all ed residential users such as those receiving water from wells.

CTION 4: Hopemont Transmission and Treatment

Base rate @ $5.00 per 1,000 gallons

CTION 5: Delayed Payment Penalty

The above tariff is net. Any account not paid in full within twenty (20) days of ill, ten percent (10%) will be added to amount due. The delayed payment penalty terest and is only to be collected once for each bill where it is appropriate.

CTION 6: Applicable Dates for Rates

The rate schedule set forth within Article IV of the Ordinance shall become and be charged for sewer use upon the substantial completion of the new ction project for the Terra Alta Sewerage System. The Sanitary Board shall e the date of substantial completion of said project and shall give notice to users plementation of the new rates by a Class I public legal notice or by notice on the ser billing at least thirty (30) days prior to the effective date of said rates. Until te that the new rates established herein become effective with substantial ion of the sewer project, the present rates adopted and in force within the Town applicable for charges incurred from sewer usage by those connected to the Sewer System.

proposed Ordinance will become effective on December 18, 1998, unless e ordered by the Public Service Commission, and the proposed increased rates ges will become effective upon substantial completion of the project for the sewer sewer improvements expected to be completed in late 1999 or later and will approximately $241,976.00 annually in additional revenue, an increase of 63%. rage monthly bill for the various classes of customers will be changed as follows:

CUSTOMER	$ INCREASE	% INCREASE
3,000 gallons used	$3.35	2.1%
average 4,500 gallons used	$11.32	37.8%
Unmetered Residential users	new charge-$24.50	
Hopemont Transmission	new charge-$5.00 per 1000 gallons	

dual customers may receive increases that are greater or less than average. nore, the requested rates and charges are only a proposal and are subject to increases or decreases) by the Public Service Commission in its review of this e Commission shall review and approve or modify the increased rates only upon of a petition within thirty (30) days of the adoption of the ordinance changing said charges, by: 1) Any customer aggrieved by the changed rates or charges who to the Commission a petition signed by not less than twenty-five percent of the rs served by such municipally operated public utility; or 2) Any customer who is y a municipally operated public utility and who resides outside the corporate d who is affected by the change in said rates or charges and who presents to the sion, a petition alleging discrimination between customers within and without the l boundaries. Said petition shall be accompanied by evidence of discrimination; customer or group of customers who are affective by said change in rates who ithin the municipal boundaries and who present a petition to the Commission discrimination between said customer or group of customers and other rs of the municipal utility. Said petition shall be accompanied by evidence of nation.

etitions should be addressed to the Executive Secretary, Public Service sion of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, WV 25323.

ation of this notice shall constitute notice to all persons concerned that the e herein stated has been introduced at a meeting of the City Council on October an th e City Council contemplates the amendment of the schedule of rates ges a orth in said Ordinance as the just and equitable rates and charges for d the service rendered by the sewerage system and works of the Town of Terra st Virginia, and any person may appear before Council on the 2nd day of er, 1998, at 7:00 o'clock p.m. in the Council chambers in the Town Hall Building wn of Terra Alta and present to Council any protest or objections he/she may he rates proposed in such Ordinance. A copy of the proposed Ordinance is for public inspection at the office of the Town Clerk.

Charles R. Feather, Mayor
10/17, 24

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

Notice Change of Rates by Town of Terra

has been published for two consecutive weeks in said newspaper, beginning with the issue of 10/17 and expiring with the issue of 10/24

Carol Peters, Advertising Manager

Sworn to and subscribed before me this, the 3rd day of, November 19 98

Dennis Peters, Notary Public

My commission expires 6/29/2004

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
Preston Publications Inc
110 West Main Street
Kingwood, West Virginia 26537
My Commission Expires June 29, 2004

23A

Certificate of Publication

LEGAL NOTICE

PUB NOTICE OF CHANGE IN RATES BY TOWN OF TERRA ALTA

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SECTION 2: Rates

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petitions should be addressed to the Executive Secretary, Public Service ission of West Virginia, 201 Brooks Street, P.O. Box 812, Charleston, WV 25323. lication of this notice shall constitute notice to all persons concerned that nce herein stated has been introduced at a meeting of the City Council on October 8, an that the City Council contemplates the amendment of the schedule of rates arges as set forth in said Ordinance as the just and equitable rates and charges for nd the service rendered by the sewerage system and works of the Town of Terra Vest Virginia, and any person may appear before Council on the 2nd day of ber, 19 at 7:00 o'clock p.m. in the Council chambers in the Town Hall Building Town ra Alta and present to Council any protest or objections he/she may the rates proposed in such Ordinance. A copy of the proposed Ordinance is le for public inspection at the office of the Town Clerk.

Charles R. Feather, Mayor
10/21, 28

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

Notice Change of Rates by Town of Terra Alta

a copy of which notice is hereto annexed, was published in said paper for two successive weeks, beginning with its issue of

10/21

and expiring with its issue of

10/28

And, I do further certify that on

10/28

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 3rd day of November, 19 98

Dennis Peters
NOTARY PUBLIC

My commission expires 6/29/2004

, W.V.

r publishing notice hereto $

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
Preston Publications Inc.
110 West Main Street
Kingwood, West Virginia 26537
My Commission Expires June 29, 2004

ADVERTISING MANAGER

23B

Town of Terra Alta

The Town of Terra Alta Council Meeting October 12th, 1998

Members present: Mayor, Charles Feather, Council, John Burns, Stanley Myers, Chris DeLauder, Bill Phillips, Charles Thomas, and Town Recorder, Karen Nordeck.

Others attending: Cindy Likens, Hubert Schnopp, Jim Myers, Mike Strawser, and Jim Sypolt.

The meeting was called to order at 7:00 P.M. at which time the minutes of the September 14th meeting and the special meeting of September 21st were read. Charles Thomas moved to accept the minutes with the following changes: police judge schooling date is November 6th, 1998, John Burns is to look into loitering, and the cost of the computer purchased from Dorinda Kisner is $25.00 higher. John Burns seconded, and the motion passed.

Mayor Feather read off the bills and amounts. Charles Thomas moved to pay the bills. John Burns seconded and the motion passed.

Mayor Feather reported that the Fire Department has agreed to burn the Anderson house providing we obtain permission from the DNR. A call has been made to the commission. We are currently awaiting a return call.

John Burns moved to approve payment of requisition #7 relating to construction and other services for the proposed water treatment plant. Sunrise Construction to be paid the amount of $98,919.16 and Thrasher Engineering the amount of $6,078.17 for a total of $104,997.33, only upon approval of the Water Board. Charles Thomas seconded and the motion passed.

John Burns moved to accept the new contract with the cable company. The company has changed hands, and the new contract is for name change only from Cablevision to Rafkin Co. Charles Thomas seconded and the motion passed.

Charles Thomas moved to allow Robert Rhodes to word in town assisting Mike Hardesty through the winter. Chris DeLauder seconded and the motion passed.

Patty Rogers Shillingburg requested the town's help in removing trash from the Shillingburg property. Once the trash is removed she will have the place torn down. Charles Thomas moved to charge her the landfill costs only. The Town will bear the brunt of labor and truck costs. Bill Phillips seconded and motion passed.

Town of Terra Alta

Mayor Feather informed council that a new health insurance is interested in presenting a plan to council that will provide better benefits and less cost. Council agreed to listen. A meeting is to be set at a future date.

Jim Sypolt addressed council concerning grant money that will be left over from the water project. The water board is planning to build a 28 ft. by 36 ft. building for trucks and storage on the site of the new water plant at Hopemont. Charles Thomas moved to table the matter until council can get further insight into the situation. Bill Phillips seconded and the motion passed.

John Burns moved to adjourn at 8:10 P.M. for a short recess. Bill Phillips seconded and the motion passed.

✓ The first reading of an ordinance establishing the financial maintenance of the municipal sewage system and treatment plant of the Town of Terra Alta was held on October 12th. Bill Phillips moved to accept the ordinance as amended deleting the initial fee of $25.00 from the rate. Charles Thomas seconded. Motion passed. The second reading will be Monday, November 2nd at 7:00 P.M.

John Burns called council's attention to the pot hole in front of the tracks beside City Hall.

Stanley Myers questioned why the pavilion at the Park has not yet been repaired. Chris DeLauder, Park Commissioner, is to check with Mike Hardesty. He also reported that the lights are not working properly in the school zone, and there are storm drains in need of repair. A complaint by Judy Wiles that the town plow is damaging her driveway by turning around there and that she has requested that the plow not turn there anymore. More complaints of barking dogs. Barking Dog ordinances are to be sent to Sheila Williams to see if they are legal.

Chris DeLauder requested that the cinders be cleaned up off of Washington Street.

Charles Thomas moved to accept the written estimate from Stone Paving to pave the road in the new part of the cemetery. The total bill is $7,310. $2,000 coming from the proceeds of the Old Drive In Sale, and the remainder from the Shaw Fund. Chris DeLauder seconded and the motion passed.

Charles Thomas reported that Joe Auman's vault has been moved. Town employee's took care of it, saving the Town a good bit of money. The vault is now where the family desires it to be, it just needs to be smoothed up and planted.

Bill Phillips moved to allow the cemetery to retain the $30.00 charged by the Town for grave openings and closings. John burns seconded and the motion passed.

Cindy Likens asked about the previous discussion of renovating the community building. Mayor Feather state that there was not enough money available in the Shaw Fund to

Town of Terra Alta

complete the project. Cindy also reported that the door and window have been taken care of at the Park.

Hubert Schnopp offered to pay for gravel and tile to repair the entrance to the park if the Town would take care of the labor.

John Burns reported that the Terra Alta Bank has no problem with John Cosner sitting in the bank parking lot. The school board has requested that the property be watched, but he still needs to check with the school to see if they have given their permission.

Jim Sypolt reported that the open house for the new water treatment plant will be held on Saturday, November 14th. He also reported that Corinth wants to hook up to Terra Alta's water system. Mayor Feather felt that we need to get the plant in operation and see what it is capable of before taking on any new customers.

Charles Thomas moved to adjourn. John Burns seconded. Motion passed.

Mayor

Recorder

Town of Terra Alta

The Town of Terra Alta Special Council Meeting November 2nd, 1998

Members present: Mayor, Charles Feather, Council, John Burns, Stanley Myers, Chris DeLauder, and Town Recorder, Karen Nordeck.

Others attending: Cindy Likens, Sharon Haskiell, Mike Strawser and Jim Sypolt.

Mayor Feather called the meeting to order at 7:00 P.M.

✓ The second reading of an Ordinance establishing the financial maintenance of the Municipal Sewage System and Treatment Plant of the Town of Terra Alta, and Public Meeting, was held on November 2nd, 1998. John Burns moved to approve , Stanley Myers seconded and the motion passed. Charles Thomas sent his approval by way of signature. See attached.

Chris DeLauder moved to adjourn. John Burns seconded and the motion passed.

Mayor

Recorder

Certificate of Publication

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON THE TOWN OF TERRA ALTA BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a special meeting of the Council of the town of Terra Alta (the "Town") to be held on June 28, 1999, at 7:00 p.m. at the 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 CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $200,000 IN AGGREGATE PRINCIPLE AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $4,780,000 IN AGGREGATE PRINCIPLE AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on June 14, 1999.

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 financing of a portion of the costs of acquisition and construction of additions, betterments and improvements to the existing public sewerage system of the Town. The Bonds are payable solely from revenues derived from the operation of the sewerage 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: June 16, 1999.

s/s Karen Nordeck, Recorder
6/16,23

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

Notice of Public Hearing/Terra Alta

a copy of which notice is hereto annexed, was published in said paper for **two** successive weeks, beginning with its issue of **June 16** and expiring with its issue of **June 23**

And, I do further certify that on **June 23**

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

25th day of June, 19 99

Dennis E Peters
NOTARY PUBLIC

My commission expires 6/29/2004

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
Preston Publications Inc.
110 West Main Street
Kingwood, West Virginia 26537
My Commission Expires June 29, 2004

Kingwood, W.V. _____

Received of _____

Amount for publishing notice hereto $ _____

ADVERTISING MANAGER

25A

Certificate of Publication

LEGAL NOTICE

NOTICE OF PUBLIC HEARING ON THE TOWN OF TERRA ALTA BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a pecial meeting of the Council of the town of Terra Alta (the "Town") to be eld on June 28, 1999, at 7:00 p.m. at the Town Hall, 100 East Washington venue, Terra Alta, West Virginia, and at such hearing any person interested ıay appear before the Council and present protests, and all protests and uggestions shall be heard by the Council and it shall then take such actions s it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $200,000 IN AGGREGATE PRINCIPLE AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $4,780,000 IN AGGREGATE PRINCIPLE AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (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 LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the Town on ıne 14, 1999.

The above-quoted title of the Ordinance describes generally the contents ereof and the purposes of the Bonds contemplated thereby. The Town ɔntemplates the issuance of the Bonds described in said Ordinance. The oceeds of the Bonds will be used to provide financing of a portion of the ɔsts of acquisition and construction of additions, betterments and ıprovements to the existing public sewerage system of the Town. The ɔnds are payable solely from revenues derived from the operation of the ewerage system of the Town. No taxes may at any time be levied for the ıyment of the Bonds or the interest thereon.

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

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

Dated: June 19, 1999.

s/s Karen Nordeck, Recorder
6/19,26

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

Notice of Public Hearing/ Terra Alta

has been published for **two** consecutive weeks in said newspaper, beginning with the issue of **June 19** and expiring with the issue of **June 26**

Carol Peters, Advertising Manager

Sworn to and subscribed before me this, the

28th day of, June 19 99

Dennis E Peters, Notary Public

My commission expires 6/29/2004

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DENNIS E. PETERS
Preston Publications Inc.
110 West Main Street
Kingwood, West Virginia 26537
My Commission Expires June 29, 2004

25B

Town of Terra Alta

The Town of Terra Alta Special Council Meeting May 24th, 1999

Members present: Mayor, Charles Feather, Council, Stanley Myers, Chris DeLauder, Charles Thomas, Bill Phillips, John Burns, and Town Recorder, Karen Nordeck.

Mayor Feather called the meeting to order @ 7:10 PM.

Chris DeLauder made a motion to accept the first reading of an Ordinance authorizing the acquisition and construction of certain additions, betterment's and improvements to the existing public sewerage system of the Town of Terra Alta and the financing of the cost. Charles Thomas seconded and the motion passed.

Bill Phillips moved to approve pay requisition number 12 in the amount of $124.90 to Thrasher Engineering for travel expenses relating to the water plant. Chris DeLauder seconded and the motion passed.

John Burns moved to approve the Requisition for Revision of Approved Budget for the 1998-99 fiscal year. Stanley Myers seconded and the motion passed.

Chris DeLauder made a motion to approve the Requisition for Revision of Approved Budget regarding Coal Severance and the City Hall. Stanley Myers seconded and the motion passed.

John Burns moved to adjourn, seconded by Stanley Myers. Motion passed.

Mayor

Recorder

The Town of Terra Alta
Council Meeting
June 14th, 1999

Members present: Mayor, Charles Feather, Council, Stanley Myers, Chris DeLauder, Charles Thomas, Bill Phillips, and Town Recorder, Karen Nordeck.

Others present: Sarah Metheny, City Clerk, Cindy Likens, Mike Strawser, Jim Myers, Hubert Schnopp and Diana Harrison.

Mayor Feather called the regular meeting to order @ 7:00 PM.

The minutes of the May 10th regular meeting and the minutes of the May 24th Special meeting were read. Charles Thomas moved to accept the minutes as read, Bill Phillips seconded and the motion passed.

Mayor Feather read the bills and amounts. Charles Thomas moved to pay the bills, Chris DeLauder seconded and the motion passed.

Chris DeLauder moved to pay voucher number 12 for the Sewer Impprovement Project to Region VI in the amount of $2999.25. Charles Thomas seconded and the motion passed.

Charles Thomas made a motion to accept the Cablevision transfer of control of the Cable Company to Interlink Communication Partners. Bill Phillips seconded and the motion passed.

Bill Phillips moved to accept the second reading of an Ordinance authorizing the acquisition and construction of certain additions, betterments and improvements to the existin public sewerage system of the Town of Terra Alta and the financing of the cost. Charles Thomas seconded and the motion passed. The final reading and public hearimg will be June 28th @ 7:00 PM.

Bill Phillips made a motion to approve a Loan Agreement with the State Revolving Fund Loan in the amount of $200,000 to the Towna of terra Alta for the Sewear project. Charles Thomas seconded and the motion passsed.

Stanley Myers moved to donate $500 to the Ambulance Squad towards the installation of the generator for the emergency shelter. Charles Thomas seconded and the motion passed.

Charles Feather addressed Council concerning unpaid Fire Fees. Two letters have already been mailed to each unpaid account, the next step is to take the accounts to the

The Town of Terra Alta
Special Council Meeting
June 28th, 1999

Members present: Mayor, Charles Feather, Council, Stanley Myers, Chris DeLauder, Bill Phillips, John Burns, and Town Recorder, Karen Nordeck.

Others present: David and Cynthia mcCloud.

Mayor Feather called the public hearing to order @ 7:00 PM. As nobody was present for this hearing, the Special meeting was called to order.

Chris DeLauder moved to accept the final reading of the of an Ordinance authorizing the acquisition and construction of certain additions, betterment's and improvements to the existing public sewerage system of the Town of Terra Alta and the financing of the cost. Stanley Myers seconded and the motion passed. ✓

Stanley Myers moved to accept a supplemental resolution of the Sewer Revenue Bonds, Series 1999A WV SRF Program and Series 1999B WV Infrastructure Fund. John Burns seconded and the motion passed. ✓

John Burns moved to appoint Edna Britton to the Library Board of Trustees replacing Shirley Smith. She will serve a 5 year term beginning July 1, 99 and ending June 30, 2004. Bill Phillips seconded and the motion passed.

David and Cynthia McCloud approached Council requesting permission to put a new trailer on Toy Street behind his mothers house. Bill Phillips moved to allow the placement as long as they have separate water and sewer hook-ups and the trailer is underpinned, and a porch is built on. Stanley Myers seconded and the motion passed.

New Council, Chris DeLauder, Bill Phillips, Stanley Myers, John Burns and the Recorder, Karen Nordeck were sworn in by Mayor Feather.

Mayor Feather was sworn in by Town Recorder, Karen Nordeck.

Bill Phillips moved to adjourn. Chris DeLauder seconded and the motion passed.

Mayor

Recorder

26C

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

NEW ISSUE REPORT FORM

Date of Report: July 22, 1999

(See Reverse for Instructions)

ISSUE: Town of Terra Alta Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program)

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

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: _____

ISSUE DATE: July 22, 1999

CLOSING DATE: July 22, 1999

ISSUE AMOUNT: $200,000

RATE: 0%; Administrative Fee: 1%

1ST DEBT SERVICE DUE: 6/1/2001

1ST PRINCIPAL DUE: 6/1/2001

1ST DEBT SERVICE AMOUNT: $2,500

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

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

CLOSING BANK: The Terra Alta Bank
Contact Person: Kenneth Frankhouser
Phone: 789-2436

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Sarah Metheny
Position: Office Staff
Phone: 789-6664

OTHER: Division of Environmental Protection
Contact Person: Rosalie Brodersen
Function: Branch Leader
Phone: 558-0637

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

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

NOTES: _____

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

CL540183.1

27A

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

NEW ISSUE REPORT FORM

Date of Report: July 22, 1999

(See Reverse for Instructions)

ISSUE: Town of Terra Alta Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund)

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

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: ____

ISSUE DATE: July 22, 1999

CLOSING DATE: July 22, 1999

ISSUE AMOUNT: $4,780,000

RATE: 0%

1ST DEBT SERVICE DUE: 3/1/2001

1ST PRINCIPAL DUE: 3/1/2001

1ST DEBT SERVICE AMOUNT: $31,039

PAYING AGENT: Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esq.
Phone: 624-8161

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

CLOSING BANK: The Terra Alta Bank
Contact Person: Kenneth Frankhouser
Phone: 789-2436

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Sarah Metheny
Position: Office Staff
Phone: 789-6664

OTHER: WV Infrastructure and Jobs Development Council
Contact Person: Susan J. Riggs, Esquire
Function: Executive Secretary
Phone: 558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire
____ Check

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

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

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

NOTES: ____

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

CL540191.1

27B

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (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 by the Issuer on June 28, 1999, and a Supplemental Resolution adopted by the Issuer on June 28, 1999 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) and Sewer Revenue Bonds Series 1999 B (West Virginia Infrastructure Fund), both dated July 22, 1999, issued in the respective original aggregate principal amounts of $200,000 and $4,780,000 (collectively, 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 22nd day of July, 1999.

THE TERRA ALTA BANK

Kenneth Funkhouser

Executive Vice President

06/17/99
893600/97001

CL510855.1

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Terra Alta Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) and Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), both dated July 22, 1999, issued in the respective original aggregate principal amounts of $200,000 and $4,780,000 (collectively, 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 22nd day of July, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte S Morgan

Assistant Vice President

06/17/99
893600/97003

CL510862.1

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (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 Bonds of the Town of Terra Alta (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1999 A (West Virginia SRF Program), of the Issuer, dated July 22, 1999, in the principal amount of $200,000, numbered AR-1, and the single, fully registered Sewer Revenue Bond, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, dated July 22, 1999, in the principal amount of $4,780,000, numbered BR-1, were registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 22nd day of July, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Charlotte L Morgan

Assistant Vice President

06/17/99
893600/97003

CL510866.1

TOWN OF TERRA ALTA

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 22nd day of July, 1999, 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, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $200,000 Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), and $4,780,000 Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted June 28, 1999, and a Supplemental Resolution of the Issuer duly adopted June 28, 1999 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of 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

06/17/99
893600/97003

CL510874.1

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

Invoice

ONEVALLEY BANK

MAYOR CHARLES FEATHER
TOWN OF TERRA ALTA
100 EAST WASHINGTON AVENUE
TERRA ALTA WV 26764

DATE JULY 22, 1999

UNITS	ITEM DESCRIPTION	TOTAL
	TOWN OF TERRA ALTA SEWER REVENUE BONDS, SERIES 1999A (WV SRF) AND SERIES 1999B (WV INFRASTRUCTURE FUND)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	$250.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN; CHARLOTTE S MORGAN

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.: WV0033804

Subject: Sewage Facilities

Issue Date: May 20, 1999

Effective Date: June 20, 1999

Expiration Date: May 19, 2004

Supersedes: WV/NPDES Permit No. WV0033804 issued March 21, 1995

Location:	Terra Alta	Preston	Youghiogheny
	(City)	**(County)**	**(Drainage Basin)**

utlets:

atitude: 39° 26' 10" N
ongitude: 79° 32' 18" W

o whom it may concern:

This is to certify that Town of Terra Alta
100 East Washington Avenue
Terra Alta, WV 26764

hereby granted a NPDES Water Pollution Control Permit to: operate and maintain an existing 250,000 llon per day sewage collection and treatment system consisting of approximately 1,500 linear feet of 18 inch avity sewer line,1,700 linear feet of 15 inch gravity sewer line, 6,000 linear feet of 12 inch gravity sewer line, 000 linear feet of 10 inch gravity sewer line, 24,200 linear feet of eight (8) inch gravity sewer line, 22,700 near feet of six (6) inch gravity sewer line, 24,000 linear feet of four (4) inch gravity sewer line, three (3) lift ations, 100 manholes, 2,500 linear feet of four (4) inch force main, 150 linear feet of six (6) inch force main, d a 250,000 gpd treatment facility consisting of a grit chamber, a 250,000 gallon aeration tank, a 42,000 llon clarifier, chlorine disinfection with a 5,000 gallon contact tank, a dechlorination unit, sludge drying beds, d all necessary appurtenances.

The system is designed to serve 2,000 persons in the the Town of Terra Alta and discharge treated aste er to Snowy Creek (6.8 miles from its mouth) of the Youghiogheny River.

(Continued on Page 2)

Also, to acquire, construct, install, operate, and maintain a new 250,000 gallon per day sewage collection and sequential batch reactor (SBR) treatment system consisting of approximately 3,130 linear feet of 10 inch gravity sewer line, 33,777 linear feet of eight (8)inch gravity sewer line, 27,598 linear feet of six (6) inch gravity sewer line, 15,995 linear feet of four (4) inch gravity sewer line, 251 manholes, 45 cleanouts, four (4) grinder pump lift stations(Feathers, Aurora Pike, Highland Avenue, Hopemont Hospital), a duplex pump station replacing the main existing lift station, 8,151 linear feet of four (4) inch force main, 625 linear feet of two (2) inch force main, 320 linear feet of 1½ inch force main, an ultrasonic influent flow meter, a mechanical barscreen, a grit channel, two (2) 174,500 gallon batch reactor tanks, a 51,700 gallon aerobic digestor, a 12 bag sludge bagger disposal unit, an 80-lamp (2 banks) ultraviolet light disinfection unit, a 9,760 gallon post aeration tank, and all other necessary appurtenances.

The system is designed to serve 2,500 persons or equivalents in the Town of Terra Alta and surrounding environs including the Hopemont State Hospital.

Upon its completion, the new sewage and collection system shall replace the existing system.

This permit is subject to the following terms and conditions:

The information submitted on and with Permit Application No. WV0030804 dated the 23rd day of February 1999 and Permit Modification Application No. WV0033804-A dated the 11th day of March 1998 along with the plans and specifications approved by the Construction Assistance Branch on the 15th day of February 1999 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.

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.

NEW SEWAGE COLLECTION AND TREATMENT FACILITIES TO BE CONSTRUCTED IN ACCORDANCE WITH:

Plans, Specifications, and Reports:

Date Approved: February 15, 1999

Prepared by: Thrasher Engineering
P.O. Box 1532
Clarksburg, WV 26301

Title: Town of Terra Alta
Preston County, West Virginia
DEP-SRF Project No. C-544194

1. Sanitary Sewer Collection System Improvements
   Contract # 1 and #2
2. Wastewater Treatment Plant
   Contract # 3

A.1.a Discharge Limitations and Monitoring Requirements - (Existing Treatment Plant)

During the period beginning June 20, 1999 **and lasting through midnight** May 19, 2004 **the permittee is authorized to discharge from outlet number(s) 001 - Discharge from sewage treatment facilities**

Such discharges shall be limited and monitored by the permittee as specified below:

	Discharge Limitations				Monitoring Requirements		
Effluent Characteristic	**(Quantity) lbs/day**		**Other Units (Specify)**			**Measurement Frequency**	**Sample Type**
	Avg. Monthly	**Max. Daily**	**Avg. Monthly**	**Max.Daily**			
Flow	N/A	N/A	0.250	N/A	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	20.9	41.7	10.0	20.0	mg/l	1/Month	8 Hr Comp
Total Suspended Solids	62.6	125.1	30.0	60.0	mg/l	1/Month	8 Hr Comp
Nitrogen, Ammonia	6.3	12.5	3.0	6.0	mg/l	1/Month	8 Hr Comp
Fecal Coliform			200	400	counts/ 100ml	1/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time				mg/l	1/Month	Grab
Total Residual Chlorine			N/A	19	ug/l	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 by grab sampling** monthly.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 sampling shall be collected at a location immediately preceding disinfection. All other 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.

A.1.b Discharge Limitations and Monitoring Requirements - (New Treatment Plant)

During the period beginning at New Plant Startup **and lasting through midnight** May 19, 2004 **the permittee is authorized to discharge from outlet number(s) 001 - Discharge from sewage treatment facilities**

Such discharges shall be limited and monitored by the permittee as specified below:

	Discharge Limitations				Monitoring Requirements		
Effluent Characteristic	**(Quantity) lbs/day Avg. Monthly**	**Max. Daily**	**Other Units (Specify) Avg. Monthly**	**Max.Daily**		**Measurement Frequency**	**Sample Type**
Flow	N/A	N/A	0.250	N/A	MGD	Continuous	Measured
Biochemical Oxygen Demand (5-Day)	20.9	41.7	10.0	20.0	mg/l	1/Month	Batch [1]
Total Suspended Solids	62.6	125.1	30.0	60.0	mg/l	1/Month	Batch [1]
Nitrogen, Ammonia	6.3	12.5	3.0	6.0	mg/l	1/Month	Batch [1]
Fecal Coliform			200	400	counts/ 100ml	1/Month	Grab
Dissolved Oxygen	Not less than 6.0 mg/l at any given time				mg/l	1/Month	Grab
Temperature			Monitor Only	Monitor Only	°C	1/Month	"i-s"
Un-ionized Ammonia	Report Only	Report Only	Monitor Only	Monitor Only	mg/l	1/Month	Calculated

[1] One (1) aliquot per batch discharge in an eight (8) hour period

The pH shall not be less than 6.0 **standard units and not more than** 9.0 **standard units and shall be monitored by grab sampling** monthly.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 sampling shall be collected at a location immediately preceding disinfection. All other 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.

A.1.b Discharge Limitations and Monitoring Requirements - Continued (New Treatment Plant)

During the period beginning at New Plant Startup **and lasting through midnight** May 19, 2004 **the permittee is authorized to discharge from outlet number(s) 001 - Discharge from sewage treatment facilities**

Such discharges shall be limited and monitored by the permittee as specified below:

Effluent Characteristic	Discharge Limitations (Quantity) lbs/day Avg. Monthly	Max. Daily	Other Units (Specify) Avg. Monthly	Max.Daily		Monitoring Requirements Measurement Frequency	Sample Type
Copper, Total Recoverable*			8.8	17.7	ug/l	1/Quarter	Batch [1]
Lead, Total Recoverable*			2.6	5.2	ug/l	1/Quarter	Batch [1]
Zinc, Total Recoverable*			58.2	116.8	ug/l	1/Quarter	Batch [1]
Hardness, Total (as $CaCO_3$)			Monitor Only	Monitor Only	mg/l	1/Quarter	Batch [1]

[1] One (1) aliquot per batch discharge in an eight (8) hour period

* Colorimetric analytical procedures shall not be used when monitoring the total recoverable form of the metal.

The pH shall not be less than 6.0 **standard units and not more than** 9.0 **standard units and shall be monitored by grab sampling** monthly.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location(s): Effluent BOD_5 sampling shall be collected at a location immediately preceding disinfection. All other 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.

A.2 COMBINED SEWER SYSTEM OVERFLOW

Outlet Numbers 002 through 004, listed below, serve as combined sewer overflow point. Combined Sewer Overflows (CSOs) are allowed only when flows in combined sewers exceed conveyance capacities during wet weather periods. Dry weather overflows from these outfalls are prohibited. The permittee shall ensure that all CSOs from the combined system comply with the following requirements and other pertinent portions of this Permit.

Outlet Number	Name and Location	Receiving Stream
002	Headworks of treatment plant	Unnamed tributary of Snowy Creek
003	Main Star Route (Aurora Pike) L.S.	Unnamed tributary of Snowy Creek
004	Main Feather Street L.S.	Salt Lick Creek

a) COMPLIANCE SCHEDULE

The permittee shall comply with the CSO requirements in accordance with the following schedule:

(1) Submit a complete CSO plan	- On or before **June 30, 1999**
(2) Complete and implement technology-based controls as outlined in Section A.2.b)(1)	- On or before **December 31, 1999**
(3) Submission of report which addresses reporting requirements of Section A.2.c)	- On or before **December 31, 1999**
(4) Evaluation of water quality impacts as outlined in Section A.2.d)	- On or before **December 31, 2000**
(5) Completion of Long-Term Control Plan, if needed as outlined in Section A.2.e)	- On or before **December 31, 2001**

A.2 COMBINED SEWER SYSTEM OVERFLOW (Continued)

b) EFFLUENT LIMITS

(1) Technology-based requirements for CSOs. The permittee shall comply with the following technology-based effluent limits in the form of narrative controls:

(A) The permittee shall implement proper operation and maintenance programs for the sewer system and all CSO outlets, with consideration given to regular sewer inspections; sewer, catch basin, and regulator cleaning; equipment and sewer collection system repair or replacement, where necessary; and disconnection of illegal connections.

(B) The permittee shall implement procedures that will maximize use of the collection system for wastewater storage.

(C) The permittee shall conduct an inventory of industrial and commercial users to identify all nondomestic waste streams and apply pollution prevention methods, as appropriate.

(D) The permittee shall operate the Publicly Owned Treatment Works (POTW) treatment plant at maximum treatable flow during all wet weather flow conditions. The permittee shall deliver all flows to the treatment plant within the constraints of the treatment capacity of the POTW.

(E) Dry weather overflows from CSO outfalls are prohibited. All dry weather overflows must be reported to the Office of Water Resources as soon as the permittee becomes aware of the overflow. When the permittee detects a dry weather overflow, the permittee shall begin corrective action immediately. The permittee shall inspect the dry weather overflow each subsequent day until the overflow has been eliminated.

(F) The permittee shall implement controls to remove solid and floatable materials in its CSOs.

(G) The permittee shall implement a pollution prevention program focused on reducing the impact of CSOs on receiving waters.

(H) The permittee shall implement a public notification process to inform citizens of when and where CSOs occur. The process must include:
- (i) a mechanism to alert persons of the occurrence of CSOs and
- (ii) a system to determine the nature and duration of conditions that are potentially harmful for users of receiving waters due to CSOs.

A.2 COMBINED SEWER SYSTEM OVERFLOW (Continued)

(I) The permittee shall monitor CSO outfalls to effectively characterize CSO impacts and the efficacy of CSO controls. This information will be used to establish the existing baseline conditions, evaluate the efficacy of the CSO technology-based controls, and determine the baseline conditions upon which the long-term control plan will be based. This data shall include:

(i) All CSO outfalls in the combined sewer system.
(ii) Total number of CSO events and the frequency, duration, volume, and pollutant loadings of CSOs during each event
(iii) Water quality data for receiving water bodies
(iv) Water quality impacts (e.g., visible floatables, fish kills, visible plumes, solids build-up in streams, violation of water quality standards including fecal coliform).
(v) Monitoring for duration, volume, and pollutant loadings during each overflow event shall occur at a representative number of CSOs.

(2) **Water quality-based requirements for CSOs.** The permittee shall not discharge any pollutant at a level that could cause or contribute to a violation of water quality standards. All discharges covered by this permit shall be free from the following pollutants at levels that cause or contribute to a violation of water quality standards:

(A) Floating debris, oil, grease, scum, foam, or other materials on the water surface that may create a nuisance condition, or that may in any way interfere with the attainment and maintenance of designated uses of the water.

(B) Settleable solids, sediments, sludge deposits, or suspended particles that may coat or cover submerged surfaces and create a nuisance condition, or that may in any way interfere with the attainment and maintenance of designated uses of water.

(C) Any pollutants, including those of a thermal, toxic, corrosive, bacteriological, radiological, or other nature, that may interfere with attainment and maintenance of designated uses of the water; may impart undesirable odors, tastes, or colors to the water or to aquatic life found therein; may endanger public health; or may result in dominance of nuisance species.

c) REPORTING REQUIREMENTS

Nine (9) Minimum CSO Control Reporting. The permittee shall submit documentation that demonstrates implementation of each of the nine (9) minimum controls contained in Sections A.2.b)(1)(A) through A.2.b)(1)(I). This documentation shall be prepared as described in EPA 832-B-95-003, COMBINED SEWER OVERFLOWS: Guidance For Nine Minimum Controls. Permittees having an approved CSO Final Plan Of Action may substitute a letter certifying the implementation of the plan. The permittee shall submit this documentation to the Office of Water Resources on or before **December 31, 1999.**

A.2 COMBINED SEWER SYSTEM OVERFLOW (Continued)

d) EVALUATION OF WATER QUALITY IMPACTS

The permittee shall submit documentation that verifies Water Quality Standards have been maintained according to the following criteria:

(1) Analysis of water quality upstream and downstream from CSO discharges.

(2) Monitoring of the rates and durations of representative discharges during rainfall conditions.

(3) Analysis of the quality of representative discharges

e) LONG-TERM CONTROL PLAN

The permittee shall develop a Long-Term Control Plan (LTCP) if any water quality impacts are demonstrated and documented during an evaluation phase as outlined in Section A.2.d) or if this Office determines the water quality impacts exist. If no water quality impacts are found, the permittee is required to continue implementing its minimization plan.

f) QUARTERLY REPORTS

The permittee shall submit quarterly progress reports detailing actions taken to meet the above CSO requirements.

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:**

ON OR BEFORE NOVEMBER 20, 2000	- Complete construction and make operational the new treatment plant and collection system project.
ON OR BEFORE FEBRUARY 20, 2001	- Begin to meet final permit effluent limitations.

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.**

C. OTHER REQUIREMENTS

1. The herein-described treatment works, structures, electrical and mechanical equipment shall be adequately protected from physical damage by the maximum expected one hundred (100) year flood level and operability be maintained during the twenty-five (25) year flood level.

2. The entire sewage treatment facility shall be adequately protected by fencing.

3. Continuous maintenance and operation of the listed sewage treatment facility shall be performed by or supervised by a certified operator possessing at least a Class II certificate for Waste Water Treatment Plant Operators issued by the State of West Virginia.

4. An instantaneous flow from the sewage disposal system shall not exceed the peak design flow at any given time.

5. The arithmetic mean of values for effluent samples collected in a period of seven (7) consecutive days shall not exceed 15.0mg/l for BOD_5, 45.0 mg/l for TSS, and 4.5 mg/l for NH_3-N.

6. The arithmetic mean of the effluent values of BOD_5 and TSS discharged during a period of 30 consecutive days shall not exceed 15 percent (%) of the respective arithmetic mean of the influent values for these parameters during the same time period except as specifically authorized by the permitting authority.

7. The permittee shall not accept any new non-domestic discharges without first obtaining approval from the Chief of the Office of Water Resources as provided in Title 47, Series 10, Section 14 of the West Virginia Legislative Rules.

8. If any existing non-domestic discharge causes, or is suspected of causing, interference or pass through (as defined by 40 CFR 403.3) or otherwise violates any provision of 40 CFR 403, the permittee shall notify the Chief of such violation or suspected violation.

9. If any existing non-domestic discharge is identified as being subject to Categorical Pretreatment Standard under 40 CFR Chapter 1, Subchapter N, and the discharge is not regulated by this permit, the permittee shall notify the Chief of such identification.

10. 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.

11. The required DMRs should be received no later than 20 days following the end of the reporting period and be addressed to:

    Chief
    Office of Water Resources
    1201 Greenbrier Street
    Charleston, West Virginia 25311-1088
    Attention: Engineering Branch

C. OTHER REQUIREMENTS (Continued)

12. The Chief is required to include effluent discharge limitations in WV/NPDES Water Pollution Control Permits for all priority pollutants that are present in amounts that could potentially cause violation of Water Quality Standards. Certain pollutants are known to be present in Publicly Owned Treatment Works treatment systems. At this time, the Chief does not have adequate information to determine if Ammonia is present in the permittee's effluent in amounts that would jeopardize Water Quality Standards. Therefore, the Chief is deferring assessment of water quality-based effluent limitations for Ammonia, pending receipt of additional information.

    a) An information generation procedure is proposed herein. The procedure involves the collection of effluent data to determine if pollutants are potentially present in the effluent in amounts exceeding Water Quality Standards. The specifics relative to effluent monitoring are contained in Section A.1.b on Page 4 of 19.

    b) The permittee shall generate and submit the information specified in Section A.1.b, herein, for Ammonia Nitrogen, Temperature, pH, and Unionized Ammonia after the startup of the new wastewater treatment facility. Thereupon, the Chief shall review the data. The information provided will be used to determine effluent discharge limitations necessary to protect water quality in Snowy Creek, as provided in Title 46, Series I of the Water Quality Standards. If effluent quality is such that compliance with the calculated limitations can be expected, then the Chief will Modify this Permit to incorporate the limitations and effluent self-monitoring requirements. If effluent quality is such that pollutants are not potentially present in the effluent in amounts that will violate standards, then the Chief will not prescribe effluent limitations, and will consider reduction of self-monitoring frequency. If effluent quality is such that it will cause violation of Water Quality Standards, the Chief will compel compliance through Permit Modification and/or the issuance of an administrative order. Reasonable time will be granted for the permittee to achieve compliance.

D SEWAGE SLUDGE MANAGEMENT REQUIREMENTS

1. The permittee shall monitor and report monthly on the enclosed Sewage Sludge Management Report form the quality and quantity of sewage sludge produced. The required report shall be received no later than 20 days following the end of the reporting period and be addressed to:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Engineering Branch

2. The permittee shall provide copies of monthly reports to the county or regional solid waste authority in which the facility or land application site(s) is located.

3. The Sewage Sludge Monitoring Report and Land Application Summary forms shall be submitted semiannually. The required report shall be received no later than 20 days following the end of the reporting period and shall be addressed to the following:

   Chief
   Office of Water Resources
   1201 Greenbrier Street
   Charleston, WV 25311-1088
   Attention: Engineering Branch

   WV Soil Conservation Agency
   Bio-Solids Program
   1900 Kanawha Blvd., East
   Charleston, WV 25305-0193

4. The following method(s) of sludge disposal shall be used for sewage sludge generated and/or processed at the permitted facility:

   a) Land Application: Sewage sludge shall not be applied in a manner or in an amount that would cause the land application site(s) to exceed the annual or lifetime loading rates as listed below. The following site(s) may be used for land application:

Land Application Site(s)	**Five(5) Year Cumulative Loading Rate(s) Tons/Acre**	**Lifetime Loading Rate(s) Tons/Acre**
Butch Groves	7	150
Charles Lewis Cranesville Field	(Under Evaluation)	(Under Evaluation)
Charles Lewis Ragtavern Field	(Under Evaluation)	(Under Evaluation)

D SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

4. (Continued)

   b) Landfill Disposal: Sewage sludge may also be disposed at a landfill by placing the sewage sludge in the landfill cell, provided that the landfill obtains approval from the Office of Waste Management to allow the acceptance of sewage sludge from the permittee, and provided that the landfill(s) is/are identified in the permit application. Prior approval by the Office of Water Resources is required to change landfill disposal site(s).

5. Sewage sludge shall not be applied to land that has any of the following siting restrictions and/or location standards:

   a) Land that is frozen, snow-covered, or known to be flooded on a regular basis unless the applicant can demonstrate to the Director that the land application will not cause runoff into streams or wetlands.

   b) Land that is within 50 feet of surface water including any streams, springs, ponds, wetlands, or other collection points for surface water.

   c) Land that is within 200 feet of drinking water supply wells or other personal water supply.

   d) Land that is within 200 feet of an occupied dwelling.

   e) Land that is within 50 feet of a federal or state highway.

   f) Land that is within 100 feet of an adjacent property owner's property line.

   g) Land that drains into a sinkhole.

   h) Land that has been tested and determined to have a pH of less than 6.2 SUs, unless the pH is adjusted to 6.2 SUs or greater.

   i) Land that has a slope greater than 15 percent.

   j) Land that has a seasonal high groundwater table less than two(2) feet from the surface.

   k) Land that has less than 6 inches of soil over bedrock or an impervious pan.

   l) Land that contains soil with surface permeability of less than 0.6 inches/hour or greater than 6 inches/hour.

   m) Land that, if sewage sludge was applied, is likely to adversely affect a threatened or endangered species listed under Section 4 of the Endangered Species Act or its designated critical habitat.

D SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

6. The following requirements concerning crops grown on land used for application of sewage sludge, the time requirements between application of sewage sludge and the harvesting of crops, and the restrictions on animal grazing and public access shall be met:

   a) Food crops with harvested parts that touch the sewage sludge/soil mixture and are totally above the land surface shall not be harvested for 14 months after application of sewage sludge.

   b) Food crops with harvested parts below the surface of the land shall not be harvested for 20 months after application of sewage sludge when the sewage sludge remains on the land surface for four(4) months or longer prior to incorporation into the soil.

   c) Food crops with harvested parts below the surface of the land shall not be harvested for 38 months after application of sewage sludge when the sewage sludge remains on the land surface for less than four(4) months prior to incorporation into the soil.

   d) Food crops (human consumption), feed crops (animal consumption), and fiber crops shall not be harvested for 30 days after application of sewage sludge.

   e) Animals shall not be allowed to graze on the land for 30 days after application of sewage sludge.

   f) Turf grown on land where sewage sludge is applied shall not be harvested for one(1) year after application of the sewage sludge when the harvested turf is placed on either land with a high potential for public exposure or a lawn, unless otherwise specified by the permitting authority.

   g) Public access to land with a high potential for public exposure shall be restricted for one year after application of sewage sludge.

   h) Public access to land with a low potential for public exposure shall be restricted for 30 days after application of sewage sludge.

7. Sewage sludge shall not be stored at a land application site for a period longer than one week; except, storage can be allowed for a period not to exceed three months when provisions, approved by the Chief of the Office of Water Resources of the Division, are made to prevent leachate runoff to the surface water and/or groundwater.

8. Sewage sludge shall only be land applied during the hours of daylight.

9. Sewage sludge which is land applied shall not contain excessive amounts of other solid waste materials, as defined in Title 33, Series 2, Section 2.34 of the Legislative Rules.

10. Areas used for processing, curing, and/or storage of sewage sludge shall be designed, constructed and operated to prevent release of contaminants to the groundwater and/or surface water.

D SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

11. The land application site(s) shall maintain the soil pH at a minimum of 6.2 SUs for at least five(5) years from the date of application. The soil pH and soil nutrients shall be monitored once per year by obtaining a composite sample of each land application site(s). The composite samples shall be made up of a minimum of four(4) aliquots taken at locations equally spaced through the land application site(s). The samples may be analyzed through the WVU Extension Service or by other certified laboratories.

12. All analyses performed on soils and sewage sludges shall be analyzed in accordance with analytical methods listed in 40 CFR Part 503.8 except that Nutrients may be analyzed in accordance with the most recently approved edition of Standard Methods and pH may be analyzed using EPA Method 9045A. Additionally, Fecal Coliform samples shall be prepared for analysis by using the method described in EPA 625R-92/013, Appendix F.

13. Sewage sludge disposed in a landfill cell shall be a non-hazardous material as defined in 40 CFR Part 261.24 and a minimum of 20 percent solids. If the sewage sludge is not 20 percent solids, a bulking agent may be used to achieve 20 percent solids before the sewage sludge is weighed in at the landfill.

14. If sewage sludge is used for revegetation, or spread in any other manner at the landfill, the sewage sludge shall meet all of the land application requirements. These requirements include vector attraction and pathogen reduction methods, heavy metals limits, and abiding by an approved loading rate based on soil analyses.

15. The following primary method for pathogen reduction shall apply to the sewage sludge or sewage sludge products:

    a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for at least two(2) hours after the lime addition. The permittee shall record the pH of the sewage sludge at least twice, once upon addition of lime and once two(2) hours after addition.

    b) If compliance cannot be achieved using the primary method for pathogen reduction, then the permittee must obtain approval from the Chief prior to use of a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary pathogen reduction method is granted.

16. The following primary method for vector attraction reduction shall apply to the sewage sludge or sewage sludge products:

    a) Lime Stabilization - Lime is added to maintain the sewage sludge pH above 12.0 SUs for two(2) hours and above 11.5 SUs for 24 hours after the lime addition. The permittee shall record the pH of the sewage sludge at the 0, 2, and 24 hour intervals of treatment, and record the duration of time (hours) that the pH is maintained at or above the specified minimum levels.

D SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

16. (Continued)

    b) If compliance cannot be achieved using the primary method for vector attraction reduction, then the permittee must obtain approval from the Chief prior to using a secondary method. The permittee shall not dispose of sewage sludge until approval of a secondary vector attraction method is granted.

17. The permittee shall maintain all records and reports of all monitoring required by Section D of this permit for five(5) years after the date of monitoring or reporting. Records should include all sample results, including pathogen and vector attraction reduction monitoring; any landfill receipts; land application records, including site maps, the landowner agreement, soil sample results, daily and cumulative sludge loading rate information; copies of all required reports; and records of all data used to complete these reports.

18. The following limitations and monitoring requirements shall apply to the sewage sludge or sewage sludge products:

Parameter	Maximum Allowable Limitations (mg/kg)	Monitoring Frequency	*Sample Type
Arsenic	41	1/6 Months	One Week Comp.
Cadmium	10	1/6 Months	One Week Comp.
Chromium	1000	1/6 Months	One Week Comp.
Copper	1000	1/6 Months	One Week Comp.
Lead	250	1/6 Months	One Week Comp.
Mercury	10	1/6 Months	One Week Comp.
Molybdenum	18	1/6 Months	One Week Comp.
Nickel	200	1/6 Months	One Week Comp.
Selenium	36	1/6 Months	One Week Comp.
Zinc	2500	1/6 Months	One Week Comp.
pH	Monitor	1/6 Months	Grab
Percent Solids	Monitor	1/6 Months	One Week Comp.
Magnesium	Monitor	1/6 Months	One Week Comp.
Potassium	Monitor	1/6 Months	One Week Comp.
Phosphorus	Monitor	1/6 Months	One Week Comp.
Calcium	Monitor	1/6 Months	One Week Comp.
Organic Nitrogen	Monitor	1/6 Months	One Week Comp.
Ammonia Nitrogen	Monitor	1/6 Months	One Week Comp.
Total Nitrogen	Monitor	1/6 Months	One Week Comp.
Fecal Coliform	Monitor	1/6 Months	Grab

* The appropriate composite sampling procedures shall be based upon the particular sludge processing methods used by the permittee. The composite sampling procedures for the various methods are described as follows:

P SEWAGE SLUDGE MANAGEMENT REQUIREMENTS (Continued)

18. (Continued)

Belt Press or Vacuum Filter - During the week that the composite sample is obtained, the permittee shall take a minimum of three(3) grab samples during each day of the week that the dewatering system is in operation. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected at a point immediately after the dewatering operation.

Liquid Sludge - During the week that the composite sample is obtained, the permittee shall take a representative grab sample from each truck load of sewage sludge hauled during that week. These grab samples are to be mixed together and the final sample obtained from the composite. Samples should be collected from the sewage sludge being pumped into the truck or as the sewage sludge is being discharged from the truck.

Sewage Sludge Drying Beds - During the week that the composite sample is obtained, the permittee shall take a minimum of four(4) grab samples from each bed finished during that week. These grab samples are to be mixed together and the final sample obtained from the composite.

Composting or Stock Piles - The permittee shall obtain a minimum of eight(8) grab samples from the pile of finished product. These grab samples are to be mixed together and the final sample obtained from the composite.

19. No single instantaneous grab sample of the final sewage sludge product shall exceed the values listed in Table 2 of the West Virginia Sewage Sludge Management Regulations (Title 33, Series 2).

20. Sewage sludge shall not be land applied in a manner or in an amount that will cause the land application site(s) to exceed the maximum soil concentrations for the following heavy metals:

Parameter	Maximum Allowable Limitations For Soils (mg/kg)
Arsenic	18.0
Cadmium	5.0
Chromium	300.0
Copper	300.0
Lead	70.0
Mercury	2.0
Molybdenum	4.0
Nickel	74.0
Selenium	7.0
Zinc	500.0

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. WV0033804, dated the 23rd day of February 1999; 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. WV0033804, dated the 23rd day of February 1999; 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: Barbara S. Taylor
Chief

BST/rb

Appendix A

I. MANAGEMENT CONDITIONS:

1. **Duty to Comply**
   a) The permittee must comply with all conditions of this permit. Permit noncompliance constitutes a violation of the CWA and State Act and is grounds for enforcement action; for permit modification, revocation and reissuance, suspension or revocation; or for denial of a permit renewal application.
   b) The permittee shall comply with all effluent standards or prohibitions established under Section 307(a) of the CWA for toxic pollutants within the time provided in the regulations that establish these standards or prohibitions, even if the permit has not yet been modified to incorporate the requirement.
2. **Duty to Reapply**
   If the permittee wishes to continue an activity regulated by this permit after the expiration date of this permit, the permittee must apply for a new permit at least 180 days prior to expiration of the permit.
3. **Duty to Mitigate**
   The permittee shall take all reasonable steps to minimize or prevent any discharge in violation of this permit, which has a reasonable likelihood of adversely affecting human health or the environment.
4. **Permit Actions**
   This permit may be modified, revoked and reissued, suspended, or revoked for cause. The filing of a request by the permittee for permit modification, revocation and reissuance, or revocation, or a notification of planned changes or anticipated noncompliance, does not stay any permit condition.
5. **Property Rights**
   This permit does not convey any property rights of any sort or any exclusive privilege.
6. **Signatory Requirements**
   All applications, reports, or information submitted to the Chief shall be signed and certified as required in Title 47, Series 10 , Section 4.6 of the West Virginia Legislative Rules.
7. **Transfers**
   This permit is not transferrable to any person except after notice to the Chief. The Chief may require modification or revocation and reissuance of the permit to change the name of the permittee and incorporate such other requirements as may be necessary. .
8. **Duty to Provide Information**
   The permittee shall furnish to the Chief, within a reasonable specified time, any information which the Chief may request to determine whether cause exists for modifying, revoking and reissuing, suspending, or revoking this permit, or to determine compliance with this permit. The permittee shall also furnish to the Chief, upon request, copies of records required to be kept by this permit.
9. **Other Information**
   Where the permittee becomes aware that it failed to submit any relevant facts in a permit application, or submitted incorrect information in a permit application or in any report to the Chief, it shall promptly submit such facts or information.
10. **Inspection and Entry**
    The permittee shall allow the Chief, or an authorized representative, upon the presentation of credentials and other documents as may be required by law, to:
    a) Enter upon the permittee's premises in which an effluent source or activity is located, or where records must be kept under the conditions of this permit;
    b) Have access to and copy at reasonable times, any records that must be kept under the conditions of this permit;
    c) Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this permit; and
    d) Sample or monitor at reasonable times, for the purposes of assuring permit compliance or as otherwise authorized by the State Act, any substances or parameters at any location.
11. **Permit Modification**
    This permit may be modified, suspended, or revoked in whole or in part during its term in accordance with the provisions of Chapter 22-11-12 of the Code of West Virginia.
12. **Water Quality**
    The effluent or effluents covered by this permit are to be of such quality so as not to cause violation of applicable water quality standards adopted by the Environmental Quality Board.
13. **Outlet Markers**
    A permanent marker at the establishment shall be posted in accordance with Title 47, Series 11, Section 9 of the West Virginia Legislative Rules.
14. **Liabilities**
    a) Any person who violates a permit condition implementing sections 301, 302, 306, 307, 308, 318, or 405 of the Clean Water Act is subject to a civil penalty not to exceed $10,000 per day of such violation. Any person who willfully or negligently violates permit conditions implementing sections 301, 302, 306, 307, or 308 of the Clean Water Act is subject to a fine of not less than $2,500 nor more than $25,000 per day of violation, or by imprisonment for not more than 1 year, or both.
    b) Any person who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this permit shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
    c) Any person who knowingly makes any false statement, representation, or certification in any record or other document submitted or required to be maintained under this permit, including monitoring reports or reports of compliance or noncompliance shall, upon conviction, be punished by a fine of not more than $10,000 per violation, or by imprisonment for not more than 6 months per violation, or by both.
    d) Nothing in I.14 a), b), and c) shall be construed to limit or prohibit any other authority the Chief may have under the State Water Pollution Control Act, Chapter 22, Article 11.

II. OPERATION AND MAINTENANCE:

1. Proper Operation and Maintenance

The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control (and related appurtenances) which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures. Unless otherwise required by Federal or State law, this provision requires the operation of back-up auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with the conditions of the permit. For domestic waste treatment facilities, waste treatment operators as classified by the WV Bureau of Public Health Laws, W. Va. Code Chapter 16-1, will be required except that in circumstances where the domestic waste treatment facility is receiving any type of industrial waste, the Chief may require a more highly skilled operator.

2. Need to Halt or Reduce Activity Not a Defense

It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of the permit.

3. Bypass

a) Definitions
- (1) "Bypass" means the intentional diversion of waste streams from any portion of a treatment facility; and
- (2) "Severe property damage" means substantial physical damage to property, damage to the treatment facilities which causes them to become inoperable, or substantial and permanent loss of natural resources which can reasonably be expected to occur in the absence of a bypass. Severe property damage does not mean economic loss caused by delays in production.

b) Bypass not exceeding limitations. The permittee may allow any bypass to occur which does not cause effluent limitations to be exceeded, but only if it also is for essential maintenance to assure efficient operation. These bypasses are not subject to the provision of II.3.c) and II.3.d) of this permit.

c)
- (1) If the permittee knows in advance of the need for a bypass, it shall submit prior notice, if possible at least ten (10) days before the date of the bypass;
- (2) If the permittee does not know in advance of the need for bypass, notice shall be submitted as required in IV.2.b) of this permit.

d) Prohibition of bypass
- (1) Bypass is permitted only under the following conditions, and the Chief may take enforcement action against a permittee for a bypass, unless;
  - (A) Bypass was unavoidable to prevent loss of life, personal injury, or severe property damage;
  - (B) There were no feasible alternatives to the bypass, such as the use of auxiliary treatment facilities, retention of untreated wastes, or maintenance during normal periods of equipment downtime. This condition is not satisfied if adequate backup equipment should have been installed in the exercise of reasonable engineering judgement to prevent a bypass which occurred during normal periods of equipment downtime or preventative maintenance; and
  - (C) The permittee submitted notices as required under II.3.c) of this permit.
- (2) The Chief may approve an anticipated bypass, after considering its adverse effects, if the Chief determines that it will meet the three conditions listed in II.3.d.(1) of this permit.

4. Upset

a) Definition. "Upset" means an exceptional incident in which there is unintentional and temporary noncompliance with technology-based permit effluent limitations because of factors beyond the reasonable control of the permittee. An upset does not include noncompliance to the extent caused by operational error, improperly designed treatment facilities, inadequate treatment facilities, lack of preventative maintenance, or careless or improper operation.

b) Effect of an upset. An upset constitutes an affirmative defense to an action brought for noncompliance with such technology-based permit effluent limitation if the requirements of II.4.c) are met. No determination made during administrative review of claims that noncompliance was caused by upset, and before an action for noncompliance, is final administrative action subject to judicial review.

c) Conditions necessary for a demonstration of upset. A permittee who wishes to establish the affirmative defense of upset shall demonstrate, through properly signed, contemporaneous operating logs, or other relevant evidence that:
- (1) An upset occurred and that the permittee can identify the cause(s) of the upset;
- (2) The permitted facility was at the time being properly operated;
- (3) The permittee submitted notice of the upset as required in IV.2.b) of this permit.
- (4) The permittee complied with any remedial measures required under I.3. of this permit.

d) Burden of proof. In any enforcement proceeding the permittee seeking to establish the occurrence of an upset has the burden of proof.

5. Removed Substances

Where removed substances are not otherwise covered by the terms and conditions of this permit or other existing permit by the Chief, any solids, sludges, filter backwash or other pollutants (removed in the course of treatment or control of wastewaters) and which are intended for disposal within the State, shall be disposed of only in a manner and at a site subject to the approval by the Chief. If such substances are intended for disposal outside the State or for reuse, i.e., as a material used for making another product, which in turn has another use, the permittee shall notify the Chief in writing of the proposed disposal or use of such substances, the identity of the prospective disposer or users, and the intended place of disposal or use, as appropriate.

III. MONITORING AND REPORTING

1. Representative Sampling

Samples and measurements taken for the purpose of monitoring shall be representative of the monitored activity.

2. orting

a) Permittee shall submit, 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 Part A analytically determined to be in the plant effluent(s). DMR submissions shall be made in accordance with the terms contained in Section C of this permit.

b) Enter reported average and maximum values under "Quantity" and "Concentration" in the units specified for each parameter, as appropriate.

c) Specify the number of analyzed samples that exceed the allowable permit conditions in the columns labeled "N.E." (i.e., number exceeding).

d) Specify frequency of analysis for each parameter as number of analyses/specified period (e.g.,3/month is equivalent to 3 analyses performed every calendar month). If continuous, enter "Cont.". The frequency listed on format is the minimum required.

3. Test Procedures

Samples shall be taken, preserved and analyzed in accordance with the latest edition of 40 CFR Part 136, unless other test procedures have been specified elsewhere in this permit.

4. Recording of Results

For each measurement or sample taken pursuant to the permit, the permittee shall record the following information.

a) The date, exact place, and time of sampling or measurement;

b) The date(s) analyses were performed;

c) The individual(s) who performed the sampling or measurement;

d) The individual(s) who performed the analyses; if a commercial laboratory is used, the name and address of the laboratory;

e) The analytical techniques or methods used, and

f) The results of such analyses. Information not required by the DMR form is not to be submitted to this agency, but is to be retained as required in III.6.

5. Additional Monitoring by Permittee

If the permittee monitors any pollutant at any monitoring point specified in this permit more frequently than required by this permit, using approved test procedures or others as specified in this permit, the results of this monitoring shall be included in the calculation and reporting of the data submitted in the Discharge Monitoring Report Form. Such increased frequency shall also be indicated. Calculations for all limitations which require averaging of measurements shall utilize an arithmetic mean unless otherwise specified in the permit.

6. Records Retention

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for the permit, for a period of at least three (3) years from the date of the sample, measurement, report or application. This period may be extended by request of the Chief at any time.

7. Definitions

a) "Daily discharge" means the discharge of a pollutant measured during a calendar day or within any specified period that reasonably represents the calendar day for purposes of sampling. For pollutants with limitations expressed in units of mass, the daily discharge is calculated as the total mass of the pollutant discharged over the day. For pollutants with limitations expressed in other units of measurement, the daily discharge is calculated as the average measurement of the pollutant over the day.

b) "Average monthly discharge limitation" means the highest allowable average of daily discharges over a calendar month, calculated as the sum of all daily discharges measured during a calendar month divided by the number of daily discharges measured during that month.

c) "Maximum daily discharge limitation" means the highest allowable daily discharge.

d) "Composite Sample" is a combination of individual samples obtained at regular intervals over a time period. Either the volume of each individual sample is proportional to discharge flow rates or the sampling interval (for constant volume samples) is proportional to the flow rates over the time period used to produce the composite. The maximum time period between individual samples shall be two hours.

e) "Grab Sample" is an individual sample collected in less than 15 minutes.

f) "is" = immersion stabilization - a calibrated device is immersed in the effluent stream until the reading is stabilized.

g) The "daily average temperature" means the arithmetic average of temperature measurements made on an hourly basis, or the mean value plot of the record of a continuous automated temperature recording instrument, either during a calendar month, or during the operating month if flows are of shorter duration.

h) The "daily maximum temperature" means the highest arithmetic average of the temperatures observed for any two (2) consecutive hours during a 24 hour day, or during the operating day if flows are of shorter duration.

i) The "daily average fecal coliform" bacteria is the geometric average of all samples collected during the month.

j) "Measured Flow" means any method of liquid volume measurement, the accuracy of which has been previously demonstrated in engineering practice, or which a relationship to absolute volume has been obtained.

k) "Estimate" means to be based on a technical evaluation of the sources contributing to the discharge including, but not limited to pump capabilities, water meters and batch discharge volumes.

l) "Non-contact cooling water" means the water that is contained in a leak-free system, i.e., no contact with any gas, liquid, or solid other than the container for transport; the water shall have no net poundage addition of any pollutant over intake water levels, exclusive of approved anti-fouling agents.

IV. OTHER REPORTING

1. Reporting Spills and Accidental Discharges

Nothing in this permit shall be construed to preclude the institution of any legal action or relieve the permittee from any responsibilities, liabilities or penalties established pursuant to Title 47, Series 11, Section 2 of the West Virginia Legislative Rules promulgated pursuant to Chapter 22, Article 11.

Attached is a copy of the West Virginia Spill Alert System for use in complying with Title 47, Series 11, Section 2 of the Legislative rules as they pertain to the reporting of spills and accidental discharges.

2. Immediate Reporting

a) The permittee shall report any noncompliance which may endanger health or the environment immediately after becoming aware of the circumstances by using the Agency's designated spill alert telephone number. A written submission shall be provided within five (5) days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent recurrence of the noncompliance.

b) The following shall also be reported immediately:
   (1) Any unanticipated bypass which exceeds any effluent limitation in the permit;
   (2) Any upset which exceeds any effluent limitation in the permit; and
   (3) Violation of a maximum daily discharge limitation for any of the pollutants listed by the Chief in the permit to be reported immediately. This list shall include any toxic pollutant or hazardous substance, or any pollutant specifically identified as the method to control a toxic pollutant or hazardous substance.

c) The Chief may waive the written report on a case-by-case basis if the oral report has been received in accordance with the above.

d) Compliance with the requirements of IV.2 of this section, shall not relieve a person of compliance with Title 47, Series 11, Section 2.

3. Reporting Requirements

a) Planned changes. The permittee shall give notice to the Chief of any planned physical alterations or additions to the permitted facility which may affect the nature or quantity of the discharge. Notice is required when:
   (1) The alteration or addition to a permitted facility may meet one of the criteria for determining whether a facility is a new source in Section 13.7.b of Series 10, Title 47; or
   (2) The alteration or addition could significantly change the nature or increase the quantity of pollutants discharged. This notification applies to pollutants which are subject neither to effluent limitations in the permit, nor to notification requirements under IV.2 of this section.

b) Anticipated noncompliance. The permittee shall give advance notice to the Chief of any planned changes in the permitted facility or activity which many result in noncompliance with permit requirements.

c) In addition to the above reporting requirements, all existing manufacturing, commercial, and silvicultural discharges must notify the Chief in writing as soon as they know or have reason to believe:
   (1) That any activity has occurred or will occur which would result in the discharge, on a routine or frequent basis, or any toxic pollutant which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) One hundred micrograms per liter (100 ug/l);
      (B) Two hundred micrograms per liter (200 ug/l) for acrolein and acrylonitrile; five hundred micrograms per liter (500 ug/l) for 2,4-dinitro phenol; and for 2-methyl 4,6-dinitrophenol; and one milligram per liter (1 mg/l) for antimony;
      (C) Five (5) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.9 of Series10, Title 47.
      (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47;
   (2) That any activity has occurred or will occur which would result in any discharge (on a non-routine or infrequent basis) of a toxic which is not limited in the permit, if that discharge will exceed the highest of the following "notification levels":
      (A) Five hundred micrograms per liter (500 ug/l);
      (B) One milligram per liter (1 mg/l) for antimony;
      (C) Ten (10) times the maximum concentration value reported for that pollutant in the permit application in accordance with Section 4.4.b.7 of Series 10, Title 47;
      (D) The level established by the Chief in accordance with Section 6.3.g of Series 10, Title 47.
   (3) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a routine or frequent basis of that toxic pollutant at levels which exceed five times the detection limit for that pollutant under approved analytical procedure.
   (4) That they have begun or expect to begin to use or manufacture as an intermediate or final product or by-product of any toxic pollutant which was not reported in the permit application under Section 4.4.b.9 of Series 10, Title 47 and which will result in the discharge on a non-routine or infrequent basis of that toxic pollutant at levels which exceed ten times the detection limit for that pollutant under approved analytical procedure.

4. Other Noncompliance

The permittee shall report all instances of noncompliance not reported under the above paragraphs at the time monitoring reports are submitted. The reports shall contain the information listed in IV.2.a). Should other applicable noncompliance reporting be required, these termsand conditions will be found in Section C of this permit.

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM

INTERIM LIMITS

DISCHARGE MONITORING REPORT

FACILITY NAME Terra Alta, Town of

LOCATION OF FACILITY Terra Alta, Preston County

PERMIT NUMBER WV0033804 OUTLET NO. 001

WASTELOAD FOR MONTH OF _____ 19 ____

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORYADDRESS _____

INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Flow, in conduit or thru treatment plant 50050	Reported									MGD			
	Permit Limitation	N/A	N/A	N/A			N/A	0.250	N/A			Continuous	Measured
BOD, 5-Day (20 Deg. C) 00310	Reported									mg/l			
	Permit Limitation	N/A	20.9	41.7			N/A	10.0	20.0			1/Month	8 Hr. Comp.
Solids, Total Suspended 00530	Reported									mg/l			
	Permit Limitation	N/A	62.6	125.1			N/A	30.0	60.0			1/Month	8 Hr. Comp.
Nitrogen, Ammonia 00610	Reported									mg/l			
	Permit Limitation	N/A	6.3	12.5			N/A	3.0	6.0			1/Month	8 Hr. Comp.
pH 00400	Reported									SU			
	Permit Limitation	*****	*****	*****			6.0	N/A	9.0			1/Month	Grab
Coliform, Fecal General 74055	Reported	MF	--	MPN						cnts/ 100ml			
	Permit Limitation	Circle	Method	Used			N/A	200	400			1/Month	Grab
Oxygen, Dissolved 00300	Reported									mg/l			
	Permit Limitation	N/A	N/A	N/A			6.0	N/A	N/A			1/Month	Grab

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or Authorized Agent

STATE OF WEST VIRGINIA

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

INTERIM LIMITS

FACILITY NAME Terra Alta, Town of

LOCATION OF FACILITY Terra Alta, Preston County

PERMIT NUMBER WV0033804 OUTLET NO. 001

WASTELOAD FOR MONTH OF _____ 19____

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORYADDRESS _____

INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Chlorine, Total Residual 50060	Reported									µg/l			
	Permit Limitation	N/A	N/A	N/A			N/A	N/A	19.0			1/Month	Grab
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												

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Title of Officer		Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FINAL LIMITS

FACILITY NAME Terra Alta, Town of

LOCATION OF FACILITY Terra Alta, Preston County

PERMIT NUMBER WV0033804 OUTLET NO. 001

WASTELOAD FOR MONTH OF _____ 19

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORYADDRESS _____

INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Flow, in conduit or thru treatment plant 50050	Reported									MGD			
	Permit Limitation	N/A	N/A	N/A			N/A	0.250	N/A			Continuous	Measured
BOD, 5-Day (20 Deg. C) 00310	Reported									mg/l			
	Permit Limitation	N/A	20.9	41.7			N/A	10.0	20.0			1/Month	Batch
Solids, Total Suspended 00530	Reported									mg/l			
	Permit Limitation	N/A	62.3	125.1			N/A	30.0	60.0			1/Month	Batch
Nitrogen, Ammonia 00610	Reported									mg/l			
	Permit Limitation	N/A	6.3	12.5			N/A	3.0	6.0			1/Month	Batch
pH 00400	Reported									SU			
	Permit Limitation	*****	*****	*****			6.0	N/A	9.0			1/Month	Grab
Coliform, Fecal General 74055	Reported	MF	--	MPN						cnts/ 100ml			
	Permit Limitation	Circle	Method	Used			N/A	200	400			1/Month	Grab
Oxygen, Dissolved 00300	Reported									mg/l			
	Permit Limitation	N/A	N/A	N/A			6.0	N/A	N/A			1/Month	Grab

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STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FINAL LIMITS

FACILITY NAME Terra Alta, Town of

LOCATION OF FACILITY Terra Alta, Preston County

PERMIT NUMBER WV0033804 OUTLET NO. 001

WASTELOAD FOR MONTH OF _____ 19____

COMMERCIAL LABORATORY NAME _____

COMMERCIAL LABORATORY ADDRESS _____

INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N E	Minimum	Avg Monthly	Max Daily	Units	N.E		
Temperature (Deg. C) 00011	Reported									°C			
	Permit Limitation	N/A	N/A	N/A			N/A	Monitor Only	Monitor Only			1/Month	"i-s"
Ammonia, Un-ionized 00619	Reported									mg/l			
	Permit Limitation	N/A	Report Only	Report Only			N/A	Monitor Only	Monitor Only			1/Month	Calculated
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
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Title of Officer		Signature of Principal Executive Officer or Authorized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
DISCHARGE MONITORING REPORT

FINAL LIMITS

FACILITY NAME Terra Alta, Town of
LOCATION OF FACILITY Terra Alta, Preston County
PERMIT NUMBER WV0033804 OUTLET NO. 001
WASTELOAD FOR MONTH OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Copper, Total Recov. 01119	Reported									µg/l			
	Permit Limitation	N/A	N/A	N/A			N/A	8.8	17.7			1/Quarter	Batch
Lead, Total Recov. 01114	Reported									µg/l			
	Permit Limitation	N/A	N/A	N/A			N/A	2.6	5.2			1/Quarter	Batch
Zinc, Total Recov. 01094	Reported									µg/l			
	Permit Limitation	N/A	N/A	N/A			N/A	58.2	116.8			1/Quarter	Batch
Hardness, Total (as $CaCO_3$) 00900	Reported									mg/l			
	Permit Limitation	N/A	N/A	N/A			N/A	Monitor Only	Monitor Only			1/Quarter	Batch
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												
	Reported												
	Permit Limitation												

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or A[illegible]rized Agent

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Terra Alta, Town of
LOCATION OF FACILITY Terra Alta, Preston County
PERMIT NUMBER WV0033804
RESULTS FOR MONTH OF _____ 19____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORYADDRESS _____
INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E.	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Arsenic 61521	Reported									mg/kg			
	Permit Limitation								41.0			1/ 6 Months	1 Week Comp.
Cadmium 78476	Reported									mg/kg			
	Permit Limitation								10.0			1/ 6 Months	1 Week Comp.
Chromium 78473	Reported									mg/kg			
	Permit Limitation								1000.0			1/ 6 Months	1 Week Comp.
Copper 78475	Reported									mg/kg			
	Permit Limitation								1000.0			1/ 6 Months	1 Week Comp.
Lead 78468	Reported									mg/kg			
	Permit Limitation								250.0			1/ 6 Months	1 Week Comp.
Mercury 78471	Reported									mg/kg			
	Permit Limitation								10.0			1/ 6 Months	1 Week Comp.
Molybdenum 78465	Reported									mg/kg			
	Permit Limitation								18.0			1/ 6 Months	1 Week Comp.

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel property gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Terra Alta, Town of
LOCATION OF FACILITY Terra Alta, Preston County
PERMIT NUMBER WV0033804
RESULTS FOR MONTH OF _____ 19 ____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N E	Minimum	Avg Monthly	Max Daily	Units	N E		
Nickel 78469	Reported									mg/kg			
	Permit Limitation								200.0			1/ 6 Months	1 Week Comp.
Selenium 49031	Reported									mg/kg			
	Permit Limitation								36.0			1/ 6 Months	1 Week Comp.
Zinc 78467	Reported									mg/kg			
	Permit Limitation								2500.0			1/ 6 Months	1 Week Comp.
pH 00400	Reported									Std. Units			
	Permit Limitation						Monitor Only		Monitor Only			1/ 6 Months	Grab
Percent Solids 61553	Reported									Per-cent			
	Permit Limitation						Monitor Only	Monitor Only	Monitor Only			1/ 6 Months	1 Week Comp.
Magnesium 00924	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Potassium 78472	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel property gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

WRD 2A-82

STATE OF WEST VIRGINIA
NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
SEWAGE SLUDGE MONITORING REPORT

FACILITY NAME Terra Alta, Town of
LOCATION OF FACILITY Terra Alta, Preston County
PERMIT NUMBER WV0033804
RESULTS FOR MONTH OF _____ 19 ____

COMMERCIAL LABORATORY NAME _____
COMMERCIAL LABORATORY ADDRESS _____
INDIVIDUAL PERFORMING ANALYSIS _____

Parameter		Quantity					Other Units					Measurement Frequency	Sample Type
		Minimum	Avg Monthly	Max Daily	Units	N.E	Minimum	Avg Monthly	Max Daily	Units	N.E.		
Phosphorus 78478	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Calcium 00917	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Organic Nitrogen 00000	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Ammonia Nitrogen 82294	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Total Nitrogen 78470	Reported									mg/kg			
	Permit Limitation								Monitor Only			1/ 6 Months	1 Week Comp.
Fecal Coliform 00000	Reported	MF	----	MPN						Col/g			
	Permit Limitation	Circle	Method	Used					Monitor Only			1/ 6 Months	Grab
	Reported												
	Permit Limitation												

Name of Principal Executive Officer	I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel property gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.	Date Completed
Title of Officer		Signature of Principal Executive Officer or Authorized Agent

REPORT RESULTS IN DRY WEIGHT BASIS ONLY

SEWAGE SLUDGE MANAGEMENT REPORT

FACILITY NAME: Terra Alta, Town of _____ DESIGN FLOW: _____ PERMIT NUMBER: WV0033804

ADDRESS: 100 East Washington Avenue _____ YEAR: _____ MONITORING FREQUENCY: 1/6 Months

CITY: Terra Alta, WV _____ ZIP: 26764 MONTH: _____ LAST SAMPLE DATE: _____

Total Sludge Generated this Report Period: (Dry Tons) _____ Disposal Method: _____

Sludge Generated this Year to Date: (Dry Tons) _____ Amount Disposed: (dry tons) _____

Amount of Domestic Septage Received: (Gallons) _____ Name of Landfill or Compost Facility _____

Percent Solids: Average _____ Measurement Frequency: _____ Number of Loads Landfilled With Less Than 20% Solids: ____

Pathogen Reduction Method:

❒ Not Applicable. No land application of sewage sludge.

❒ Fecal Coliform Monitoring: Geometric mean of last seven samples is _____ col/dry gram
Sample results for this report period were: _____ col/dry gram & _____ col/dry gram

❒ Lime Addition: pH of sample two hours after lime addition: Range _____

❒ Anaerobic Digestion: Average detention time for this report period: (days) _____
Digester Temperature: Average _____ Range _____

❒ Aerobic Digestion: Average detention time for this report period: (days) _____
Digester Temperature: Average _____ Range _____

NE: Number of loads land applied which did not fully meet pathogen reduction requirements: _____

❒ Other: (Provide Description) _____

Vector Attraction Reduction Method:

❒ Not Applicable. No land application of sewage sludge.

❒ 38% Volatile Solids Reduction: Average volatile solids reduction for the month of _____ was _____ percent.

❒ SOUR: The average Specific Oxygen Uptake rate for the month of _____ was _____ mg O_2/hour/dry gram.

❒ Lime Addition: pH of sample two hours after lime addition: Range _____
pH of sample 24 hours after lime addition: Range _____

❒ Other: (Provide description) _____

NE: Number of loads land applied which did not fully meet vector attraction reduction requirements: _____

I certify under penalty of law that the management practices, vector attraction reduction requirements, and the pathogen reduction requirements of Federal Regulation 40 CFR Part 503 and State Regulation Title 33, Series 2 have been met for all sewage sludge land applied during this reporting period. This determination has been made under my supervision in accordance with a system designed to ensure that qualified personnel properly gather and evaluate information used to determine these requirements have been met. I also certify that this document and all the attachments were prepared under my direct supervision, and that the information is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are penalties for false certification including the possibility of fine and imprisonment.

Official: _____ Title: _____

Signature: _____ Date: _____

DEP

Division of Environmental Protection

LAND APPLICATION SUMMARY

Facility Name	NPDES Number
Year: Months Covered:	

Farm Name	Field Name	Semi-Annual Loading *(Dry tons/acre)*	Cummulative Loading *(Dry tons/acre)*

Name and Official Title	
Signature	Date

cc: Solid Waste Authority

Office of Water Resources
1201 Greenbrier Street
Charleston, WV 25311-1088
Telephone 304-558-4086 or 558-8855
Fax 304-558-5903

West Virginia Division of Environmental Protection

Cecil H. Underwood
Governor

Michael P. Miano
Director

NOTICE TO PERMITTEES

The 1989 regular session of the West Virginia legislature revised the Water Pollution Control Act, Chapter 20, Article 5A of the West Virginia Code by adding Section 6a (Now, Chapter 22, Article 11, Section 10). This section of the Code requires all holders of a State water pollution control permit or a national pollutant discharge elimination system permit to be assessed an annual permit fee, based upon rules promulgated by the Director of the Division of Environmental Protection. The Director promulgated regulations to this effect and the current regulations have an effective date of July 1, 1993. The regulations establish an annual permit fee based upon the relative potential to degrade the waters of the State which, in most instances, relate to volume of discharge. However, for sewage facilities, the annual permit fee is based upon the number of customers served by the facility. You may contact the Secretary of State's Office, State Capitol Building, Charleston, West Virginia 25305, to obtain a copy of the rules. The reference is Title 47, Legislative Rules of Bureau of Environment, Division of Environmental Protection, Office of Water Resources, Series 26 Water Pollution Control Permit Fee Schedule.

Based upon the volume of discharge for which your facility is currently permitted, the number of customers served by your facility or for the category you fall within, pursuant to Section 7 of Title 47, Series 26, your annual permit fee is **$ 250** . This fee is due no later than the anniversary date of permit issuance in each year of the term of the permit or in the case of coverage under a general permit, the fee is due no later than the anniversary date of your coverage under the general permit. You will be invoiced by this agency at the appropriate time for the fee. Failure to submit the annual fee within one hundred and eighty(180) days of the due date will render your permit void.

EMERGENCY RESPONSE SPILL ALERT SYSTEM
WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

REQUIREMENTS:

Title 47, Series 11, Section 2 of the West Virginia Legislative Rules, Environmental Protection, Water Resources - Waste Management, Effective July 1, 1994.

RESPONSIBILITY FOR REPORTING:

Each and every person who may cause or be responsible for any spill or accidental discharge of pollutants into the waters of the State shall give immediate notification to the Office of Water Resources' Emergency Notification Number, **1-800-642-3074**. Such notification shall set forth insofar as possible and as soon thereafter as practical the time and place of such spill or discharge, type or types and quantity or quantities of the material or materials therein, action or actions taken to stop such spill or discharge and to minimize the polluting effect thereof, the measure or measures taken or to be taken in order to prevent a recurrence of any such spill or discharge and such additional information as may be requested by the Office of Water Resources. This also applies to spills to the waters of the State resulting from accidents to common carriers by highway, rail and water.

It shall be the responsibility of each industrial establishment or other entity discharging directly to a stream to have available the following information pertaining to those substances that are employed or handled in its operation in sufficiently large amounts as to constitute a hazard in case of an accidental spill or discharge into a public stream:

(1) Potential toxicity in water to man, animals and aquatic life;
(2) Details on analytical procedures for the quantitative estimation of such substances in water and
(3) Suggestions on safeguards or other precautionary measures to nullify the toxic effects of a substance once it has gotten into a stream.

Failure to furnish such information as required by Section 14, Article 11, Chapter 22, Code of West Virginia may be punishable under Section 24, Article 11, Chapter 22, and/or Section 22, Article 11, Chapter 22, Code of West Virginia.

It shall be the responsibility of any person who causes or contributes in any way to the spill or accidental discharge of any pollutant or pollutants into State waters to immediately take any and all measures necessary to contain such spill or discharge. It shall further be the responsibility of such person to take any and all measures necessary to clean-up, remove and otherwise render such spill or discharge harmless to the waters of the State.

When the Chief determines it necessary for the effective containment and abatement of spills and accidental discharges, the Chief may require the person or persons responsible for such spill or discharge to monitor affected waters in a manner prescribed by the Chief until the possibility of any adverse effect on the waters of the State no longer exists.

VOLUNTARY REPORTING BY LAW OFFICERS, U. S. COAST GUARD, LOCK MASTERS AND OTHERS:

In cases involving river and highway accidents where the responsible party may or may not be available to report the incident, law officers, U. S. Coast Guard, Lock Masters and other interested person(s) should make the report.

WHO TO CONTACT:
Notify the following number: **1-800-642-3074**.

INFORMATION NEEDED:

- Source of spill or discharge
- Location of incident
- Time of incident
- Material spilled or discharged
- Amount spilled or discharged
- Toxicity of material spilled or discharged
- Personnel at the scene
- Actions initiated
- Shipper/Manufacturer identification
- Railcar/Truck identification number
- Container type

RIGHT OF APPEAL

Notice is hereby given of your right to appeal the terms and conditions of this permit which you are aggrieved by the Environmental Quality Board by filing a NOTICE OF APPEAL on the form prescribed by such Board for this purpose, with the Board, in accordance with the provisions of Section 21, Article 11, Chapter 22 of the Code of West Virginia within thirty (30) days after the date of receipt of the above permit.

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

CECIL H. UNDERWOOD
GOVERNOR

December 30, 1997

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

Dear Mayor Feather:

Thank you for your application to the Small Cities Block Grant Program for Fiscal Year 1997.

I am pleased to approve your application in the amount of $1,250,000 to the town of Terra Alta. These funds will enable you to construct a new wastewater treatment plant and upgrade the existing sewer collection system.

The West Virginia Development Office, Community Development Division staff, will contact you to complete the necessary contract in order to proceed with your project.

I am pleased to work with you to make this improvement a reality for the citizens of Terra Alta.

Very sincerely,

Cecil H. Underwood

CHU:ans

AN ORDINANCE PROVIDING FOR AND AUTHORIZING THE PROCUREMENT OF A LOAN FROM THE FARMERS HOME ADMINISTRATION, DEPARTMENT OF AGRICULTURE OF THE UNITED STATES OF AMERICA FOR THE PURPOSE OF DEFRAYING THE COST OF CONSTRUCTION OF A SYSTEM FOR THE COLLECTION AND TREATMENT OF SEWAGE IN THE TOWN OF TERRA ALTA, WEST VIRGINIA, INCLUDING THE ACQUISITION OF THE LAND NECESSARY THEREFOR, SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH SAID LOAN AND THE RENEWAL OF SAID LOAN MAY BE MADE AND PROVIDING FOR THE COLLECTION, SEGREGATION AND DISTRIBUTION OF REVENUES FROM THE OPERATION OF THE SYSTEM FOR THE COLLECTION AND TREATMENT OF SEWAGE OF SAID TOWN SO AS TO PROVIDE FOR THE PAYMENT OF THE EXPENSES OF THE OPERATION AND MAINTENANCE OF SAID SYSTEM AND FOR THE PAYMENT OF SAID LOAN AND INTEREST THEREON PURSUANT TO THE PROVISIONS OF CHAPTER 16, ARTICLE 13, OF THE WEST VIRGINIA CODE.

Not signed

WHEREAS, the Town of Terra Alta, in Preston County, West Virginia, does not have an approved system for the collection and treatment of sewage (hereinafter referred to as "sewerage system") providing for the collection, treatment and disposal in a sanitary manner of sewage wastes for the Town and its inhabitants; and

WHEREAS, the council of the Town of Terra Alta has deemed and declared it advisable and necessary in the public intere that the Town construct a sewerage system, and said council has further found and declared that the estimated cost of said construction, including land acquisition, legal, engineering, and other pertinent expenses will not exceed the sum of $278,000; and

WHEREAS, under the provisions of Chapter 16, Article 13, of the West Virginia Code said Town is authorized to construct sewerage system, including the acquisition of the necessary land therefor, and is authorized and permitted to procure a loan or loans for the purpose aforesaid, in whole or in part, from the

United States of America or any federal or public agency or Department of the United States and to repay the same including the interest thereon from the revenues of the municipal sewerage system; and

WHEREAS, the Town of Terra Alta is unable to obtain sufficient credit elsewhere to finance the sewerage system taking into consideration prevailing private and cooperative rates and terms currently available; and

WHEREAS, said Town now has no bonds or other obligations outstanding which are payable from the revenues of said sewerage system.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF TERRA ALTA, WEST VIRGINIA:

SECTION 1. That all proceedings heretofore taken relating to the construction of a sewerage system of said Town including all applications, agreements and documents heretofore executed and and made with said Farmers Home Administration, be and the same are hereby in all respects ratified and confirmed.

SECTION 2. That the construction of said sewerage system referred to in the preamble of this ordinance, together with all appurtenances and acquisitions is hereby ordered, and for the purpose of paying the cost thereof the Town of Terra Alta is hereby authorized to borrow a sum not to exceed $278,000.00 from the United States of America, acting through the Administrator of the Farmers Home Administration, United States Department of Agriculture, and to issue as evidence thereof an installment promissory note of said Town. The said note shall bear interest

at the rate not to exceed three and three-fourths per cent (3 3/4%) per annum, the principal and interest to be paid in annual installments over a period of forty years, beginning with the payment on January 1st of the year following the first full year of collection and treatment of sewage wastes and annual thereafter on January 1st, until the principal and interest are fully paid, except that the final payment of the entire indebtedness, if not sooner paid, shall be due and payable forty years from the date of said note. Annual installments between the loan closing and the first amortized installment shall be less than the interest on the loan. Beginning with January 1st of the year following the first full year of collection and treatment of sewage wastes and annual thereafter, each installment shall consist of a full amortized installment of principal and interest. Interest shall accrue on each advance of the loan actually received by the Town from the date it is received to the next succeeding January 1st and annually thereafter as above stated.

Each payment shall be applied first to accrued interest and then to principal. Prepayments may be made in any amount at any time at the option of the Town. 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 note and shall not affect the obligation of the Town to pay the remaining installments as scheduled herein.

SECTION 3. The said note together with interest thereon shall be payable solely out of the income and revenue to be derived from the operation of said sewerage system, a sufficient portion of which, to pay such principal and interest as and when the same

shall become due, and reasonable reserves therefor, is exclusively pledged and shall be set aside for that purpose as hereinafter more specifically provided for; and in no event shall said note be a general obligation of said Town nor constitute an indebtedness of said Town within the meaning of the constitutional provisions or limitations.

SECTION 4. The said note shall be executed by the Mayor and sealed with the corporate seal of the Town and attested by the Town Recorder. The proceeds received from the sale of the note shall be applied to the extent necessary in paying the cost of constructing said sewerage system. Pending expenditure such proceeds shall be deposited in a special account as hereinafter provided to be called the Federal Loan Account. The Town understands and agrees that the entire face amount of the note may not be advanced upon delivery of the note and that the proceeds can be disbursed in multiple advances to coincide with the Town's need for funds under the construction schedule. A tentative schedule of advances shall be prepared by the Engineer and submitted to the Town and the Farmers Home Administration. A departure from said schedule shall not affect the validity or the amount of the obligation of the Town in favor of the United States of America; provided, however, that the obligation of the Town under the note hereby authorized, shall not exceed the aggregate principal amount of the advances actually received by the Town, plus interest thereon not to exceed three and three-fourths per cent (3 3/4%) per annum. A record of the payment of each advance shall be inserted on the reverse of the note.

SECTION 5. The said note shall be substantially in form as shown and designated in "Exhibit A" hereto attached and made a part hereof.

SECTION 6. The loan funds shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation. All monies in excess of $15,000.00 so deposited shall be secured by such bank or banks by pledging direct obligations of the United States or by approved surety bonds equal to the amounts deposited. Such deposits shall be established as a supervised bank account to be known as the Federal Loan Account under a deposit agreement approved by the Farmers Home Administration, and such proceeds shall be withdrawn only on checks signed by the Treasurer of the Town and countersigned by the County Supervisor of the Farmers Home Administration. The Town's share of any liquidated damages and other monies paid by defaulting contractors or their sureties will also be deposited in the Federal Loan Account to assure completion of the project. When all authorized loan purposes have been paid for in full any balance remaining in the Federal Loan Account shall be withdrawn and applied on the loan.

SECTION 7. That from and after the delivery of the note hereby authorized the sewerage system, together with all future extensions and improvements shall be operated as a self-liquidating undertaking on the basis of a fiscal year which shall correspond with the fiscal year of the Town for other purposes which now begins on July 1st and ends on June 30th and all revenues derived from the operation of the sewerage system, including with all future extensions and improvements, shall be deposited in a separte fund to be designated as the Town of Terra Alta Sewerage System Fund, sometimes called the Sewerage System Fund, and shall be used only (1) to pay the principal of and the interest on all revenue notes of said Town which may be payable solely from the revenues of said system and to maintain reasonable reserves therefor,

(2) to pay the cost of operation and maintenance of the system and (3) to provide an adequate depreciation fund; and such sewerage system fund shall be sufficient at all times for the above purposes.

SECTION 8. That sums in the Sewerage System Fund shall be set aside for, allocated and credited to, and deposited in the following separate accounts, which are hereby created in said fund by the Town Recorder or Town Treasurer or other proper officer of the Town of Terra Alta without further direction of or action by the Mayor or Town Council of said Town. Such allocations and credits shall be made on the first business day of each and every month as long as the note authorized hereby shall remain outstanding and unpaid:

(A) Into an account designated the "Sewerage System Note and Interest Sinking Account" there shall be deposited in each month a sum at least equal to one-twelfth (1/12th) of the amount of interest or principal or both that will come due on said note on the then next maturity date occurring after the date of said deposit. Sums in this account shall be used only for the payment of the principal of and the interest on the note authorized hereby, as the same shall become due.

1154.

120.00

(B) Into an account designated the "Sewerage System Note Reserve Account" there shall be deposited the monthly sum of at least One Hundred Twenty Dollars ($120.00) until the sum of Fourteen Thousand Dollars ($14,000.00) shall have been accumulated in said account. If said account thereafter should be depleted for any cause, then such monthly deposits of One Hundred Twenty Dollars ($120.00) Dollars shall be resumed until said account shall be restored to the sum of Fourte Thousand ($14,000.00) Dollars. Sums in said Reserve Account shall be disbursed only for the payment of said note or the interest thereon, authorized hereby, and then only when and to the extent that other funds are not available for that purpose.

8 14,000 is and payment 1 built up with 10% per year.

(C) To an account designated the "Sewerage System Operation and Maintenance Account" there shall be credited a sum sufficient, together with sums then credited to said account, to pay the estimated cost of operating and maintaining said sewerage system for the current month.

8 75.00

(D) Into an account designated the "Sewerage System Depreciation Account" there shall be credited the monthly sum of Seventy-Five Dollars ($ 75.00) until the sum of Nine Thousand Dollars ($ 9,000.00) shall have

9000. is the O&M. built up in 10% per year.

been accumulated in said account. If said account should be depleted for any cause, then such monthly credits of Seventy-Five Dollars ($ 75.00) shall be resumed until said account shall be restored to the sum of Nine Thousand Dollars ($ 9,000.00). Sums in said account shall be expended for unusual or extraordinary maintenance repairs, renewals and replacements of the sewerage system or for improvements or extensions thereto.

(E) All sums remaining in the Sewer Fund after making the credits and deposits required by Paragraphs (A), (B), (C), and (D) shall be deposited in any of the above accounts at the option of the Town. If any surplus shall be accumulated in the Operation and Maintenance Account which shall be in excess of the costs of maintaining and operating the sewerage system during the remainder of the fiscal year then current and the year then next ensuing, any such excess may be transferred to either the Depreciation Account or the Sewerage System Note and Interest Sinking Account, and if any surplus shall be accumulated in the Depreciation Account over and above the amount required hereunder, the same may be transferred to the Sewerage System Note and Interest Sinking Account, provided it is not needed in the present fiscal and next ensuing fiscal year for repairs or replacements as above set forth, and used insofar as possible in the payment of the indebtedness then outstanding.

SECTION 9. The Town of Terra Alta covenants and agrees with the holder of the note herein authorized to be issued:

(A) That it will construct the sewerage system contemplated by this ordinance and as long as the said note remains outstanding and unpaid, it will operate and maintain said sewerage system in an efficient manner and at a reasonable cost and will preserve said system in good repair and condition.

(B) During the term of the loan herein authorized and until the said note is fully paid and discharged, the rates and charges adopted by ordinance for sewerage system services in and about the Town of Terra Alta shall not be diminished and in the event that it should become necessary the Town expressly agrees that it will by proper application apply to the Public Service Commission of the State of West Virginia for an increase in its sewerage system rates and charges so as to

insure its ability to repay the said note and to meet the requirements of this ordinance.

(C) The Town of Terra Alta agrees to forthwith make application to the Public Service Commission for approval of the sewerage system rates established by ordinance.

(D) That in the event of default in the payment of any annual installment coming due under the note, or the failure of performance of any duty imposed by the law or this ordinance, the holder of said note may, at its option, (1) compel the performance of such duty by proper suit at law or in equity, (2) enforce the statutory mortgage lien and cause a receiver to be appointed to administer said sewerage system on behalf of said Town, with power to charge and collect rates sufficient to provide for the retirement of the said note and for payment of operating expenses, or, (3) require the Town to issue sewerage system Revenue Bonds for the purpose of paying off and discharging the balance due on said note as provided by Chapter 16, Article 13 of the West Virginia Code. The Farmers Home Administration shall have all rights, not inconsistent with this ordinance, authorized by Chapter 16, Article 13 of the West Virginia Code, it being the intention of the Town of Terra Alta to give to said agency the same rights as a bondholder of a revenue bond issued for a similar purpose would have so long as such rights are not or would not be inconsistent with the other provisions of this ordinance.

(E) That the rates for all services rendered by the sewerage system of the said Town shall be reasonable and just, taking into account and consideration the cost and value of said system

and the cost of maintaining, repairing and operating the same and the proper and necessary allowances for depreciation thereof and the amounts necessary for the payment of the principal and interest on said note; and there shall be charged such rates and amounts as shall be adequate to meet the requirements of this and the proceeding sections hereof.

(F) That so long as the said note remains outstanding and unpaid the Town will keep proper books or records and accounts separate from all other municipal records and accounts showing complete and correct entries of all transactions relating to said sewerage system and will permit such books or records and accounts to be examined and inspected by the said Farmers Home Administration, said examination and inspection to be made at reasonable and seasonable times. The Town will maintain and keep its records and accounts in accordance with the laws of the State of West Virginia and the rules and regulations of the Public Service Commission.

(G) That if all rates and charges are not paid when due, the Town will shut off and discontinue the supplying of sewerage system services on account of the nonpayment of rates and charges for such service, provided such nonpayment shall continue for a period of 30 days, and the Town further covenants and agrees that it will otherwise faithfully and punctually perform all duties with reference to said sewerage system required by the constitution and the laws of the State of West Virginia; and said Town hereby covenants, binds and obligates itself not to sell, lease, mortgage or in any manner dispose of any part of said system, including any and

all appurtenances thereto and extensions and additions that may be made thereto, or merge or consolidate said system with a waterworks system so as to operate same as a combined water and sewerage system, until all of said indebtedness with intere is fully paid, unless the said Farmers Home Administration agre in writing to the selling, leasing, mortgaging, merger or consolidation or any other manner of disposal thereof.

(H) That from and after the issuance of the note herein authorized, no additional bonds shall be issued or obligations incurred by the said Town which are in whole or in part payable from or chargeable to the revenues derived or to be derived from the Sewerage system without the written consent of the holder of said note. Such written consent shall be acknowledged before an official empowered to take acknowledgements of conveyances for eal estate, shall state the precise amount of bonds or other obligations that may be issued and shall be filed with the Town Recorder of the Town of Terra Alta prior to the introduction of any ordinance authorizing any such additional bonds or other indebtedness.

(I) That it will require all of its officers or employees handling any mon es of the sewerage system, before receiving any such monies to furnish a surety bond in the amount of all monies derived from the operation of the sewerage system possible to be in the custody of such officers and employees, and conditioned upon the faithful performance of such duties, such bond to be acceptable to and approved by the Town and filed in the Office of the Town Recorder.

SECTION 10. For the further protection of the holder of the note hereby authorized, a statutory mortgage lien upon said

sewerage system is granted and created by Chapter 16, Article 13, of the West Virginia Code and said statutory mortgage lien is hereby recognized and declared to be binding upon said Town and all properties constituting the sewerage system and shall take effect immediately upon delivery of the note hereby authorized.

SECTION 11. It is further ordered that the Mayor of said Town is hereby expressly authorized and directed to enter into, execute and deliver, on behalf of the Town of Terra Alta, all necessary contracts and agreements, with the Town Recorder to attest the same and affix the corporate seal of the Town to and with the Farmers Home Administration, United States Department of Agriculture, or any other federal agency, or department, in order to fully effectuate and carry out the provisions of this ordinance and to carry out and expedite the construction of the sewerage system of the said Town, and to do all other necessary and proper acts on behalf of the Town in connection therewith.

SECTION 12. The note, or notes, authorized to be executed and delivered herein shall be exempt from taxation by the State of West Virginia and any county or municipality therein.

SECTION 13. If any section, paragraph, clause, or provision of this ordinance shall be declared or adjudged invalid by any Court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not effect any of the remaining provisions of this ordinance.

SECTION 14. All ordinances, resolutions and orders, or part thereof, conflicting with or inconsistent with the provisions of this ordinance are, to the extent of such conflict or inconsistence, hereby repealed.

SECTION 15. In the letting of construction contracts and otherwise as may be applicable, the Town covenants that it will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and the rules, regulations, and relevant orders of the Secretary of Labor, and for that purpose, the Mayor and Town Recorder are hereby authorized and directed to require compliance therewith, and to that end, to execute such documents as may be required by representatives of the Government.

SECTION 16. After this ordinance shall have been adopted it shall be published once each week for two successive weeks in the Preston County News, the only newspaper published in the Town of Terra Alta, with a notice to all persons concerned that this ordinance has been adopted and that the municipality contemplates the issuance of the bonds described in this ordinance, and that any person or persons interested in the matter herein referred to may appear before the Council of the Town of Terra Alta, at a public hearing to be held in the Offices of the Municipality of Terra Alta, ~~at a public hearing to be held o~~ West Virginia, on the_____day of_____, 1967, at _____o'clock P.M., at which hearing all objections and suggestions pertaining to the matters referred to in this ordinance shall be heard by said Council in order that said Council may take such action as it shall deem proper in the premises.

Adopted on the 6th day of June, 1967.

_____
Mayor

ATTEST:

_____
Town Recorder

~~EXHIBIT A~~

STATE

West Virginia

PROMISSORY NOTE

COUNTY

Preston

Date _____, 196_

FOR VALUE RECEIVED, the Town of Terra Alta, a municipal corporation of the State of West Virginia, (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government"), at its office in [illegible], West Virginia, the principal sum of [illegible] ($ [illegible]), plus interest on the unpaid principal balance at the rate of _____ (3 3/4 %) per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

$ _____ January 1, 19[illegible], $ 10,425.00 January 1, 1979, and $ 13,842.00 annually thereafter on January 1, until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

Each payment shall be applied first to accrued interest and then to principal. Prepayments may be made in any amount at any time at the option of the 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 note and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

This note is issued for the purpose of paying the cost of constructing the sewerage system of the Borrower under authority of Chapter 16, Article 13, as amended, of the West Virginia Code, and pursuant to ~~an~~ ordinances of said Borrower, duly adopted on the 5th day of June, 1968, and the ____ day of ____, 19__, ~~and shall be payable~~ solely from the revenues derived from said sewerage system and not otherwise and does not constitute an indebtedness of said Borrower within any constitutional or statutory limitation.

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.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a reasponsible 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.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt; and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

The Borrower hereby covenants that it will perform all duties required by law and by the ordinance which authorized this note; that it will construct the sewerage system; that it will fix and maintain rates for the services thereof and will collect and account for revenues therefrom sufficient at all times to provide for the payment of principal and interest upon this note as and when the same becomes due, and reasonable reserves therefor, and to provide for the operation and maintenance of the system, and to provide an adequate depreciation fund.

~~A statutory mortgage lien, which is hereby recognized as valid and binding upon said Borrower and all property constituting said sewerage system, is created and granted to in favor of the Government and said sewerage system and any appurtenances or extensions thereto shall remain subject to said statutory mortgage lien until the payment in full of the principal and interest on this note.~~

It is hereby certified, recited and represented that all acts, conditions, and things required to exist, to happen and to be performed, precedent to and in the issuance of this note, in order to make the same a valid and binding obligation of said Borrower, do exist, have happened and been performed in regular and due time,

form and manner, as required by law; and for the prompt payment of this note both as to principal and interest and for the performance in apt time and manner of every official act necessary therefor, the full faith and diligence of said Borrower is hereby irrevocably pledged.

This note is given as evidence of a loan to Borrower made or insured by the Government, pursuant to the Consolidated Farmers Home Administration Act of 1961, or Title V of the Housing Act of 1949, and 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, Preston County, West Virginia, has caused this note to be signed by its Mayor, its corporate seal to be hereunto affixed and attested by its Town Recorder, this _____ day of _____, 19____.

TOWN OF TERRA ALTA,
WEST VIRGINIA

By_____
Mayor

(CORPORATE SEAL)

ATTEST:

_____
Town Recorder

USDA

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

June 15, 1999

Town of Terra Alta
Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the entire outstanding aggregate principal amount of the note, dated August 19, 1968 (the "Note"), of the Town of Terra Alta (the "Issuer"), hereby consents to the issuance of the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) and Series 1999 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the respective original aggregate principal amounts of $200,000 and $4,780,000, by 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 Note, and hereby waives any requirements imposed by the Note or the ordinance authorizing the Note regarding the issuance of parity obligations which are not met by the Bonds.

ROBERT D. LEWIS
State Director

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TOWN OF TERRA ALTA

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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TOWN OF TERRA ALTA

ORDINANCE AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF 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"), supplemental to the Prior Ordinance (as hereinafter defined), is enacted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 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 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 sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of a new wastewater treatment plant and improvements to the collection and transmission system, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further additions, betterments and improvements thereto are herein called the "System").

C. The estimated revenues to be derived in each year will be sufficient to pay all costs of operation and maintenance of the System and the interest on and principal of the Prior Bonds and the Series 1997 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

D. The Issuer intends to permanently finance the costs of design of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Series 1997 A Bonds"), in the total aggregate principal amount of not more than $400,000, initially to be represented by a single bond, to permanently finance the costs of design of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; amounts which may be deposited in the Series 1997 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1997 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design of the Project; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1997 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

F. The period of usefulness of the System is not less than 20 years.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1997 A Bonds as to liens, pledge, source of and security for payment, being the note, dated August 19, 1968, issued in the original principal amount of $278,000 (the "Prior Bonds"), pursuant to an ordinance of the Issuer enacted June 6, 1967 (the "Prior Ordinance"). Prior to the issuance of the Series 1997 A Bonds, the Issuer will obtain the consent of the Holder of the Prior Bonds to the issuance of the Series 1997 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1997 A Bonds as to liens, pledge, source of and security for payment or in any other respects.

H. It is in the best interests of the Issuer that its Series 1997 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the design of the Project and the operation of the System and issuance of the Series 1997 A Bonds, or will have so complied prior to issuance of any thereof.

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 1997 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 1997 A Bonds are to be issued.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1997 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security

of the Registered Owners of any and all of such Series 1997 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 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 1997 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

"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 1997 A Bonds, the Prior Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

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

"Closing Date" means the date upon which there is an exchange of the Series 1997 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1997 A Bonds from the Authority and the DEP.

"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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"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; 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 1.02E hereof to be a part of the cost of design of the Project.

"Council" 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.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

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

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

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

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

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

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

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

"Issuer" 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 and the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement, heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1997 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 1997 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds,

if any, deposited in the Series 1997 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 1997 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1997 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1997 A Bonds.

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and Paying Agent (all as hereinafter defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds or Prior Bonds and as of any particular date, describes all Bonds or Prior Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond or Prior Bond cancelled by the Bond Registrar or Registrar for Prior Bonds, at or prior to said date; (ii) any Bond or Prior Bonds, 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; (iv) any Prior Bond deemed to have been paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 1997 A Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means the note of the Issuer, dated August 19, 1968, described in Section 1.02G hereof.

"Prior Ordinance" means, the ordinance of the Issuer enacted June 6, 1967, authorizing the issuance of 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.

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

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

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by

any other federal agency and backed by the full faith and credit of the United States of America;

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

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

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from gross income for federal income tax purposes, and which are rated at

least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Recorder" means the Recorder of the Issuer.

"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 to the Code.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 1997 A Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds and the Series 1997 A Bonds.

"Series 1997 A Bonds" means the not more than $400,000 in aggregate principal amount of Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer.

"Series 1997 A Bonds Reserve Account" means the Series 1997 A Bonds Reserve Account established in the Series 1997 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1997 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1997 A Bonds in the then current or any succeeding year.

"Series 1997 A Bonds Sinking Fund" means the Series 1997 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 1997 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of

local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1997 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1997 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1997 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Account and the respective Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection 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 System from any sources whatsoever, both within and without the Issuer.

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

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF DESIGN OF THE PROJECT

Section 2.01. Authorization of Design of the Project. There is hereby authorized and ordered the design of the Project, at an estimated cost of not to exceed $400,000. The proceeds of the Series 1997 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer will enter into contracts for the design of the Project, compatible with the financing plan submitted to the SRF Program.

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 1997 A Bonds, funding a reserve account for the Series 1997 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1997 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1997 A Bonds of the Issuer, in an aggregate principal amount of not more than $400,000. The Series 1997 A Bonds shall be issued as a single Bond, designated as "Sewerage System Design Revenue Bond, Series 1997 A (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1997 A Bonds remaining after funding of the Series 1997 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 1997 A Bonds, if any, shall be deposited in or credited to the Project Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1997 A Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1997 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1997 A Bonds, if any, 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 1997 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 1997 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1997 A Bonds shall be exchangeable at the option and expense of the 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 such date.

Section 3.03. Execution of Bonds. The Series 1997 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 1997 A Bonds shall cease to be such officer of the Issuer before the Series 1997 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1997 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization 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 1997 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 Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1997 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1997 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1997 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1997 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 1997 A Bonds.

The registered Series 1997 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 1997 A Bonds or transferring the registered Series 1997 A Bonds are exercised, all Series 1997 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1997 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1997 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1997 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1997 A Bonds or, in the case of any proposed redemption of Series 1997 A Bonds, next preceding the date of the selection of Series 1997 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1997 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 1997 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 1997 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1997 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1997 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1997 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1997 A Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1997 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1997 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
SEWERAGE SYSTEM DESIGN REVENUE BOND, SERIES 1997 A
(WEST VIRGINIA SRF PROGRAM)

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 _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions

prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated _____, 199____.

This Bond is issued (i) to pay a portion of the costs of design of additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage 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 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (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 NOTE, DATED AUGUST 19, 1968, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $278,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1997 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay 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 hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1997 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 on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1997 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the 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 or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar 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 design 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF 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 1997 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

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

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 1997 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of design 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 or the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinance as the "Sewerage System Fund");

(2) Operation and Maintenance Account (established by the Prior Ordinance as the "Sewerage System Operation and Maintenance Account");

(3) Prior Bonds Reserve Account (established by the Prior Ordinance as the "Sewerage System Note Reserve Account");

(4) Depreciation Account (established by the Prior Ordinance as the "Sewerage System Depreciation Account); and

(5) Project 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 or the Issuer and from each other:

(1) Series 1997 A Bonds Sinking Fund; and

(2) Within the Series 1997 A Bonds Sinking Fund, the Series 1997 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Prior Ordinance and in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Prior Ordinance and in this Bond Legislation. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Account, the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the National Finance Office the amount required by the Prior Ordinance to pay interest on the Prior Bonds, and to amortize the principal of the Prior Bonds over the life of such bond issue; (ii) commencing 3 months prior to the first date of payment of interest on the Series 1997 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1997 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1997 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1997 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 1997 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Depository Bank the amount required by the Prior Ordinance to be deposited in the Prior Bonds Reserve Account and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1997 A Bonds, if not fully funded upon issuance of the Series 1997 A Bonds, remit to the Commission for deposit in the Series 1997 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1997 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1997 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 1997 A Bonds Reserve Requirement.

(4) The Issuer shall next, each month, transfer from the Revenue Fund to the Depreciation Account, the amount required by the Prior Ordinance, until there has been accumulated therein the sum of $9,000, and thereafter, such sums as shall be required to maintain such amount therein, so long as the Prior Bonds are outstanding. Additionally, so long as the Series 1997 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, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent herein required, shall be promptly eliminated with moneys from the Depreciation Account.

Moneys in the Series 1997 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1997 A Bonds as the same shall become due. Moneys in the Series 1997 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1997 A Bonds, as the same shall come due, when other moneys in the Series 1997 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1997 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1997 A Bonds Reserve Account which result in a reduction in the balance of the Series 1997 A Bonds Reserve Account to below the Series 1997 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full as set forth above.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum 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 1997 A Bonds Sinking Fund or into the Series 1997 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1997 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Prior Bonds and Series 1997 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 1997 A Bonds Sinking Fund and the Series 1997 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 the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 1997 A Bonds Sinking Fund and the Series 1997 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 1997 A Bonds Sinking Fund and the Series 1997 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1997 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Series 1997 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall 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 SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

D. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of each calendar month.

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically deducted from the Revenue Fund and transferred to the Commission on the dates required.

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1997 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1997 A Bonds, there shall first be deposited with the Commission in the Series 1997 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 1997 A Bonds, there shall be deposited with the Commission in the Series 1997 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1997 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1997 A Bonds, such moneys shall be deposited with the Depository Bank in the Project Fund and applied solely to payment of costs of design of the Project in the manner set forth in Section 6.02 hereof.

D. After completion of design of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1997 A Bonds shall be used to fund the Series 1997 A Bonds Reserve Account, if not funded upon issuance of the Series 1997 A Bonds, in an amount not to exceed the Series 1997 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 1997 A Bonds be deposited in the Series 1997 A Bonds Reserve Account.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Project Fund and shall comply with all requirements with respect to the disposition of the moneys therein set forth in the Bond Legislation. Moneys in the Project Fund shall be used solely to pay costs of design of the Project and until so transferred or expended, are hereby pledged as additional security for the Series 1997 A Bonds.

Section 6.02. Disbursements From the Project Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1997 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of design of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Project Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

All payments made from the Project Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Project Fund.

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1997 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1997 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1997 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1997 A 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 the Series 1997 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1997 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1997 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1997 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the ordinances duly enacted by the Issuer on June 11, 1990, and January 13, 1992.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease, or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 1997 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 Section 10.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1997 A Bonds, immediately be remitted to the Commission for deposit in the Series 1997 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Series 1997 A Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Account. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine, upon consultation with the Consulting Engineers, that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Depreciation Account. The payment of such proceeds into the Depreciation Account shall not reduce the amount required to be paid into such account by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties,shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the

System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1997 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1997 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 1997 A Bonds and the Prior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinance at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1997 A Bonds and the Prior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1997 A Bonds and the Prior 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 DEP 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 Project, 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 the Series 1997 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1997 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, improvements or betterments to the System or refunding any outstanding Bonds of the Issuer, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive

months within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall be not 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 Bond Legislation then Outstanding; and

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12 consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, as stated in a certificate made and signed by the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have 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 subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinance. All the Series 1997 A Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. 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 lien of the Series 1997 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1997 A Bonds.

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

Section 7.08. Books; Records and Facilities. The Issuer shall keep complete and accurate records of the cost of designing the Project. The Issuer shall permit the Authority and the DEP, 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 DEP such documents and information as they may reasonably require in connection with the design 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 DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, or any other original purchaser of the Series 1997 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1997 A Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 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 1997 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1997 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement, the Act 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 provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit E of the Loan Agreement or as promulgated from time to time.

The Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP 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 said System

sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) 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 on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 1997 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1997 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 1997 A Bonds, including the Prior Bonds. In any event, subject to any requirements of law, 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; Audit 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 DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System

at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant in compliance with OMB Circular 128 and the Single Audit Act, the report of which audit shall be submitted to the Authority and the DEP and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation, the Act and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Commencing on the date contracts are executed for the design of the Project and for two years following the completion of design 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 B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

to enforce collections to the maximum extent permitted by law. If the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1997 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Depreciation Account and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Account.

(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.

(4) FLOOD INSURANCE, if the System facilities are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Permits. The Issuer will cause the Project to be designed 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 operation of the System.

Section 7.17. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding

anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the DEP or other state, federal or local bodies in regard to the design of the Project and the operation, maintenance and use of the System.

Section 7.18. 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 1997 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 1997 A Bonds during the term thereof is, under the terms of the Series 1997 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) that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1997 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 1997 A Bonds during the term thereof is, under the terms of the Series 1997 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 1997 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 1997 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 shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1997 A Bonds or $5,000,000 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 1997 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 1997 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 1997 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 7.19. 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).

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 Prior Ordinance, 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, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own 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 as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 1997 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. 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 Series 1997 A Bonds which would cause the Series 1997 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and 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 1997 A Bonds) so that the

interest on the Series 1997 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 1997 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 1997 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 1997 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 and applicable to the Series 1997 A Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1997 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 1997 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 1997 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1997 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1997 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1997 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1997 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 Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 1997 A Bonds shall be on a parity with those of the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the design of the Project and 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 the Series 1997 A 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 design of the Project on behalf of the Issuer, with the 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 exercise.

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 design 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 said System shall remain in the Issuer, and no

court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1997 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1997 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1997 A Bonds from gross income for federal income tax purposes.

The Series 1997 A Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1997 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1997 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1997 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1997 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1997 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1997 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 1997 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1997 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1997 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1997 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 1997 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 1997 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; Prior Ordinance. 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 public hearing and 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 qualified newspapers of general circulation in the Town of Terra Alta, no newspaper being published therein, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1997 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:	-	May 20, 1997
Passed on Second Reading:	-	June 9, 1997
Passed on Final Reading Following Public Hearing:	-	June 23, 1997

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF TERRA ALTA on the 23rd day of June, 1997.

Dated: October 7, 1997.

[SEAL]

Karen A Dorkeen

Recorder

09/23/97
893600/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

TOWN OF TERRA ALTA

Sewerage System Design Revenue Bonds, Series 1997 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF TERRA ALTA; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Terra Alta (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective June 23, 1997 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE 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 $400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1997 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS;

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer (the "Bonds" or "Series 1997 A Bonds"), in the aggregate principal amount not to exceed $400,000, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated August 12, 1997 (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 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 price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE TOWN OF 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 Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $400,000. The Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2018, and shall bear interest at the rate of 2% per annum. The interest on and 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 September 1, 2018, 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 DEP, and upon payment of the interest and 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 approve and shall pay the administrative fee equal to 1% of the principal amount of the Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 4. 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 DEP 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 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 7. 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 8. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 1997 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 1997 A Bonds Reserve Account.

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Project Fund as received from time to time for payment of costs of the design of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor and the Recorder are hereby authorized and directed to execute and deliver such other documents 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 October 7, 1997, to the Authority pursuant to the Loan Agreement.

Section 12. The design 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 13. The Issuer hereby determines 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 1997 A Bonds Sinking Fund, including the Series 1997 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the

Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than $5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1997, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

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

Adopted this 8th day of September, 1997.

TOWN OF TERRA ALTA

Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Terra Alta on the 8th day of September, 1997.

Dated: October 7, 1997.

[SEAL]

Karen A. Nordeck

Recorder

08/18/97
893600/97001

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive
Charleston WV 25311-1571

Telephone (304) 558-3612
Telecopier (304) 558-0299

July 22, 1999

Town of Terra Alta
Sewer Revenue Bonds
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Series 1997 A Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), and Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (collectively, the "Bonds"), in the respective original aggregate principal amounts of $200,000 and $4,780,000 by the Town of Terra Alta (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Sewerage System Design Revenue Bonds, Series 1997 A (West Virginia SRF Program) (the "Series 1997 A Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Authorized Representative