

CITY OF BUCKHANNON

SERIES 2009-A REFUNDING BOND ORDINANCE #343

CITY OF BUCKHANNON

SERIES 2009 A REFUNDING BOND ORDINANCE

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I	
STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS	1
Section 1.01. Authority of this Ordinance	1
Section 1.02. Findings.....	1
Section 1.03. Ordinance Constitutes Contract	3
Section 1.04. Definitions.....	4
ARTICLE II	
AUTHORIZATION OF THE REFUNDING OF THE 1996 A BONDS	10
Section 2.01. Authorization of Refunding	10
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS	10
Section 3.01. Authorization and Terms of Bonds	10
Section 3.02. Execution of Bonds	11
Section 3.03. Authentication and Registration.....	11
Section 3.04. Negotiability, Transfer and Registration.....	11
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost.....	12
Section 3.06. Bonds not to be Indebtedness of the City.....	12
Section 3.07. Bonds Secured by Pledge of Net Revenues	13
Section 3.08. Form of Bonds.....	13
Section 3.09. Sale of Bonds	13
Section 3.10. Limitation on Other Debt Secured by the Grant.....	13
Section 3.11. Designation of Bonds as "Qualified Tax-Exempt Obligations"	13
ARTICLE IV	
APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS	13
Section 4.01. Application of Bond Proceeds	13
Section 4.02. Establishment of Funds and Accounts; Flow of Funds.....	14
Section 4.03. Investments.....	15
ARTICLE V	
DEFAULT AND REMEDIES	16
Section 5.01. Events of Default.....	16
Section 5.02. Remedies	16
Section 5.03. Appointment of Receiver	17
ARTICLE VI	
ADDITIONAL COVENANTS OF THE CITY	18
Section 6.01. General Covenants of the Issuer	18
Section 6.02. Bonds not to be Indebtedness of the Issuer.....	18
Section 6.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds.....	18
Section 6.04. Rates and Charges	18
Section 6.05. Sale of the System	19
Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	20
Section 6.07. Parity Bonds	21
Section 6.08. Books; Records and Audit	21
Section 6.09. Rates	22

Section 6.10. Operating Budget and Monthly Financial Report.....	23
Section 6.11. Insurance and Bonds	23
Section 6.12. Maintenance and System.....	24
Section 6.13. Compliance With Law	25
Section 6.14. Operating Budget	25
Section 6.15. Tax Covenants.....	25
Section 6.16. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States	26
Section 6.17. Arbitrage	26
Section 6.18. Tax Certificate and Rebate.....	26

ARTICLE VII

PAYMENT OR DEFEASANCE OF BONDS	28
Section 7.01. Payment or Defeasance of Bonds	28

ARTICLE VIII

MISCELLANEOUS.....	29
Section 8.01. Modification or Amendment.....	29
Section 8.02. Severability of Invalid Provisions	29
Section 8.03. Repeal of Conflicting Ordinances	29
Section 8.04. Covenant of Due Procedure	29
Section 8.05. Statutory Notice and Public Hearing.....	29
Section 8.06. Effective Date.....	30

EXHIBIT A FORM OF SERIES 2009 A BOND	A-1
EXHIBIT B NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE	B-1

CITY OF BUCKHANNON
SERIES 2009 A REFUNDING BOND ORDINANCE

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$2,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF BUCKHANNON SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A FOR THE PURPOSES OF CURRENTLY REFUNDING THE ISSUER'S SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REFUNDING REVENUE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS ; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Ordained by the City Council of the City of Buckhannon, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act").

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

A. The City of Buckhannon, West Virginia (the "City" or the "Issuer"), is a municipal corporation and political subdivision of the State of West Virginia in Upshur County of said State.

B. The City now owns a sewerage system (the "System"), both within and without the corporate limits of the City, consisting of a sewage treatment plant or plants and its collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, improvements and betterments necessary, appropriate, useful, convenient or incidental for the collection, treatment, purification and disposal in a sanitary manner of liquid and solid waste, sewage and industrial waste.

C. In accordance with Section 2 of the Act, the System is under the supervision and control of the Sanitary Board of the City (the "Sanitary Board").

D. The Sanitary Board has presented a petition to the City for the enactment of this Ordinance and the issuance of sewerage system refunding revenue bonds.

E. The City may now refund its Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds") at a savings to the City and, therefore, it is in the best interests of the Issuer to issue its Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds" or "Series 2009 A Bonds"), in an aggregate principal amount of not more than \$2,900,000 to currently refund the Series 1996 A Bonds and to pay the costs of issuance and related costs.

F. The estimated maximum cost of currently refunding the Series 1996 A Bonds is \$2,195,000, which will be obtained from the proceeds of the Bonds herein authorized and from funds an accounts held on behalf of the Series 1996 A Bonds.

G. The acquisition and construction of the System were financed or refinanced with proceeds of certain obligations of the City, which obligations are designated and have lien positions with respect to the Bonds as follows:

	<u>Designation</u>	<u>Lien Position</u>
1.	\$2,885,000 Sewer System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds").	First Lien
2.	\$1,081,160 Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds")	First Lien

The Series 1986 B Bonds are sometimes referred to as the "Prior Bonds." The Series 1996 A Bonds will be paid with the proceeds of the Series 2009 A Bonds.

H. The Series 1996 A Bonds are currently outstanding in the aggregate principal amount of \$2,195,000 and the Series 1986 B Bonds are currently outstanding in the aggregate principal amount of \$459,493.

I. After the defeasance of the Series 1996 A Bonds, the Series 2009 A Bonds and the Series 1986 B Bonds will be secured by a shared first lien on the Net Revenues of the System.

J. The City derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner.

K. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all costs of the operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Bonds and all funds and accounts and other payments provided for in this Ordinance and the Prior Ordinance.

L. The Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the City.

M. All things necessary to make the Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the City according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Bonds, will be timely done and duly performed.

N. The enactment of this Ordinance, and the execution and issuance of the Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default under, any instrument to which the City is a party or by which it may be bound or affected.

O. The City, with the assistance of its financial advisor, Scott & Stringfellow, Inc., a wholly-owned subsidiary of BB&T Corporation, plans to solicit proposals for the purchase of said Bonds. If the City determines that it is in its best interest, it may direct the financial advisor to negotiate directly with a single, prospective lender including BB&T. It is in the best interests of the City that the Bonds be sold pursuant to the terms and provisions set forth in, and to the purchaser (the "Purchaser"), designated in the Supplemental Resolution.

P. The City has complied with all requirements of West Virginia law relating to the issuance of the Bonds, or will have so complied prior to the issuance of any thereof.

Q. The City will not permit, at any time, any of the proceeds of the Bonds or any other funds of the City 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 Code.

R. The City and all subordinate entities of the City reasonably expect to issue \$10,000,000 or less in tax exempt obligations during calendar year 2009.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Registered Owners, and the covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Bonds issued hereunder, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. Except as provided below, terms used in this Supplemental Ordinance have the meanings set forth in the Prior Ordinance, as supplemented by this Supplemental Ordinance, unless the context expressly requires otherwise.

"Act" shall mean Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the City or the Sanitary Board, and shall initially mean Jackson Kelly PLLC and The Vaughan Law Firm, Charleston, West Virginia.

"Bond Register" shall mean the books of the City maintained by the Registrar for the registration and transfer of the Bonds.

"Bond Year" shall mean 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.

"Bondholder" or "Holder of the Bonds" or "Owner of the Bonds" or "Registered Owner" or any similar term shall mean any person who shall be the Registered Owner of any Outstanding Bond as hereinafter defined.

"Bonds" or "Series 2009 A Bonds" shall mean the not more than \$2,900,000 in aggregate principal amount of the City of Buckhannon Sewerage System Refunding Revenue Bonds, Series 2009 A, authorized by this Ordinance to be issued.

"Bonds Sinking Fund" shall mean the Bonds Sinking Fund created by Section 4.01(A) hereof.

"Bonds Proceeds Fund" shall mean the Bonds Proceeds Fund created by Section 4.01 hereof.

"Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 2009 A Bonds, substantially in the form set forth in Exhibit A attached hereto.

"Closing Date" shall mean the date or dates upon which there is an exchange of the Bonds for all or a portion of the proceeds of the Bonds from the Purchaser.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the Regulations.

"Commission" shall mean the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia which succeeds to the functions of the Commission.

"Consulting Engineers" shall mean any engineer or firm of engineers, licensed by the State, which shall at any time hereafter be retained by the City as Consulting Engineers for the System in accordance with Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended.

"Costs of Issuance" shall mean those costs of issuing Bonds, including, but not limited to, legal, accounting, fiscal agent fees and expenses, advisory, underwriting and other fees in connection therewith.

"Council," "City Council" or "Governing Body" shall mean the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

"Depository Bank" shall mean the bank or banks to be designated as such in the Supplemental Resolution, and its successors and assigns.

"Escrow Agent" shall mean the Escrow Agent with respect to each Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

"Escrow Agreement" shall mean the agreement between the City and the Escrow Agent, substantially in the form of the agreement attached to a resolution supplemental hereto and by this reference made a part hereof, relating to the refunding and defeasance of the Series 1996 A Bonds.

"Escrow Fund" shall mean the escrow fund created by the Escrow Agreement.

"Fiscal Year" shall mean each twelve month period beginning on July 1 and ending on the succeeding June 30.

"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, including (i) such obligations which have been stripped from their unmatured interest coupons, interest coupons stripped from such obligations and receipts or certificates evidencing payments from such obligations or interest coupons stripped from such obligations, (ii) evidences of ownership of a proportionate interest in specified direct obligations of, or specified obligations which are unconditionally and fully guaranteed by, the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian and (iii) obligations, the sole source of the payment of the principal of and interest on which are obligations of the nature of the described in clause (i), which are irrevocably pledged for such purposes.

"Gross Revenues" shall mean 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 of other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article VIII hereof) or any fee or charge established, levied and collected by the City from persons at the time of, and for the privilege of, making service connections to the System, as hereinafter defined, and for the furnishing by the City of miscellaneous service.

"Independent Accountants" or "Independent Certified Public Accountants" shall mean any firm of certified public accountants which shall be retained by the City as independent accountants for the System.

"Mayor" shall mean the Mayor of the City.

"Net Revenues" shall mean Revenues less Operating Expenses.

"Ordinance" shall mean this Refunding Bond Ordinance and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

"Outstanding" when used with reference to Bonds and Prior Bonds, as of any particular date, describes all such Bonds theretofore and thereupon being authenticated and delivered, except (i) any such Bond canceled by the Registrar, at or prior to said date; (ii) any such Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity of any such Bond, shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any such Bond deemed to have been paid as provided in Section 6.13 hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any such Bond registered to the City.

"Parity Bonds" shall mean the Parity Bonds issued under the provisions and within the limitations prescribed by Section 6.07 hereof.

"Paying Agent" shall mean the Commission, the bank or such other entity to be designated as the Paying Agent for the Bonds in the Supplemental Resolution and its successors and assigns.

"Prior Bonds" shall mean the Series 1986 B Bonds of the Issuer.

"Prior Ordinance" shall mean the ordinance of the Issuer authorizing the Prior Bonds.

"Private Business Use" shall mean 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, all as determined by the Code.

"Purchase Price," for the purpose of computation of the Yield of the Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the price paid by the first buyer of the Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Bonds.

"Purchaser" shall mean the entity designated as such in a Supplemental Resolution.

"Qualified Investments" shall mean 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 the 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 agreements shall have a prior perfected security interest in the collateral therefore; must have (or its agency must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Rebate Fund" shall mean the Rebate Fund created by Section 6.18 hereof.

"Recorder" or "City Recorder" shall mean the Recorder of the Issuer.

"Registrar" shall mean the entity named as such in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

"Regulations" shall mean the temporary and permanent regulations promulgated under the Code.

"Renewal and Replacement Fund" shall mean the fund created by Section 5.01(3) of the Prior Ordinance and continued hereby.

"Reserve Account Requirement" shall mean any amount established in the Prior Ordinance for the Prior Bonds.

"Reserve Accounts" shall mean, collectively, the respective Reserve Accounts created for the Prior Bonds and the Bonds, if any.

"Revenue Fund" shall mean the Revenue Fund created pursuant to Section 5.01(1) of the Prior Ordinance and continued hereby.

"Series 1996 A Bonds" shall mean the Sewerage System Refunding Revenue Bonds, Series 1996 A of the Issuer dated December 1, 1996, issued in the original aggregate principal amount of \$2,885,000.

"Series 1996 A Bonds Redemption Date" shall mean the date or dates established in the Supplemental Resolution for the redemption of the Series 1996 A Bonds.

"Sinking Funds" shall mean, collectively, the respective Sinking Funds created for the Prior Bonds and the Bonds.

"State" shall mean the State of West Virginia.

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

"Surplus Revenues" shall mean the Net Revenues not required by the Prior Ordinance and this Ordinance, as supplemented and amended, to be set aside and held in, including but not limited to, any sinking funds, reserve accounts and depreciation accounts.

"System" shall mean the complete existing sewerage system now owned by the Issuer, both with and without the corporate limits of the Issuer, consisting of a sewage treatment plant or plants collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental to the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes, and shall include any extensions, improvements, and betterments thereto hereafter acquired or constructed for said sewerage system from any sources whatsoever.

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

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations. Words importing the masculine gender include all other genders.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with general accepted accounting principles.

The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of the enactment of this Ordinance.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

ARTICLE II AUTHORIZATION OF THE REFUNDING OF THE SERIES 1996 A BONDS

Section 2.01. Authorization of Refunding. The Series 1996 A Bonds Outstanding as of the date of issuance of the Series 2009 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full pursuant to the terms of the Escrow Agreement and the lien of said Series 1996 A Bonds imposed by the Series 1996 A Ordinance on the Net Revenues of the System is hereby ordered terminated, discharged and released upon payment into the Escrow Fund from the

proceeds of the Bonds, together with other moneys available therefore, including those moneys transferred as provided below, of the following:

(a) an amount equal to the fiscal and paying agent charges, and

(b) an amount which will be simultaneously invested in Governmental Obligations bearing interest and having maturities sufficient to provide (i) for the payment of the principal of the Series 1996 A Bonds on the Series 1996 A Bonds Redemption Date and (ii) for the payment of the interest on the Series 1996 A Bonds as the same becomes due to but not including the Series 1996 A Bonds Redemption Date. Contemporaneously with the deposit of proceeds of the Series 2009 A Bonds into the Escrow Fund, as prescribed by the Escrow Agreement, the amounts on deposit in sinking fund created and maintained on behalf of the Series 1996 A Bonds and the amounts on deposit in the Reserve Account created and maintained under the Series 1996 A Ordinance shall be deposited into the Escrow Fund and simultaneously invested as provided in the Escrow Agreement.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Bonds. For the purposes of refunding all of the outstanding Series 1996 A Bonds and paying costs of issuance of the Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Bonds of the City. The Bonds shall be issued in one series as set forth in the Supplemental Resolution, designated as "Sewerage System Refunding Revenue Bonds, Series 2009 A", in an aggregate principal amount of not more than \$2,900,000. The Bonds shall be issued in such principal amounts, shall have the series designation, shall be dated as of the date of delivery thereof, shall bear interest at such rate or rates, not exceeding the then legal maximum rate, and shall mature at such times and in such amounts as shall be set forth in the Supplemental Resolution. The repayment of principal and interest, if any, on the Bonds shall be as set forth in the Supplemental Resolution. The Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and as the Council of the City shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Bonds.

The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar.

Each series of Bonds shall be issued in fully registered form, in such denominations and shall have such terms as set forth in the Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond in aggregate principal amount equal to the amount of the Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of the Bonds.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor and attested by the City Recorder, and the seal of the City shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as, at the actual time of the execution of such Bonds, shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Exhibit A, shall have been duly manually executed by the 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 Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Registered Owner shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide owner for value.

So long as any of the Bonds remain Outstanding, the City, through the Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

Bonds shall be transferable only upon the books of the Registrar, by the Registered Owner thereof in person or by the Registered Owner's attorney duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the Registered Owner or the Registered Owner's duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. For every such exchange or transfer of Bonds, the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Registrar incurred in connection therewith, which sum or sums shall be paid by the City. The Registrar shall not be obliged to make any such exchange or transfer of Bonds during the 15 days preceding an interest payment date on the Bonds, or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond 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 Registered Owner's furnishing the City proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the City. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the City, whether or not the lost, stolen or destroyed Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Bonds not to be Indebtedness of the City. The Bonds shall not, in any event, be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Registered Owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured equally and ratably with each other by a first lien on the Net Revenues derived from the System, which is on a parity and is shared with the holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts, if any, and in the renewal and replacement fund established herein or in the Prior Ordinance are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bonds. The text of the Bonds shall be substantially as set forth in Exhibit A, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

Section 3.09. Sale of Bonds. The Bonds shall be sold as soon as practical and in the best interests of the Issuer, as may be authorized and permitted by applicable law, and delivered to the Purchaser thereof; provided that the Purchaser and the Issuer shall have agreed to the terms of the purchase thereof.

Section 3.11. Designation of Bonds as "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2009, all as determined in accordance with the Code.

ARTICLE IV APPLICATION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Application of Bond Proceeds. From the moneys received from the sale of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. All accrued interest, if any, received from the Purchaser of the Bonds shall be deposited in the Sinking Fund and used to pay the next maturing interest on the Series 2009 A Bonds.

B. The amount of the Bond proceeds necessary, together with such funds of the Issuer as are made available by the defeasance of the Series 1996 A Bonds, to refund the Series 1996 A Bonds, which amount shall be set forth in the Supplemental Resolution, shall be applied by the Issuer pursuant to the provisions of the Escrow Agreement.

C. The amount, set forth in the Supplemental Resolution derived from the sale of the Bonds shall be deposited by the Issuer in the Costs of Issuance Account. All costs of issuance shall be paid within 60 days of the Closing Date.

Section 4.02. Establishment of Funds and Accounts; Flow of Funds. The funds and accounts established by the Prior Ordinance are hereby continued. In addition to the funds and accounts established by the Prior Ordinance, there is hereby created at the Commission the Series 2009 A Bonds Sinking Fund.

The entire revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. All moneys in the Revenue Fund shall be disposed of only in the following manner and order of priority and in compliance with the Prior Ordinance:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount necessary to pay the interest on the Prior Bonds as prescribed in the Prior Ordinance; and (ii) an amount equal to the amount of interest which will become due on the Series 2009 A Bonds on the next monthly interest payment date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amount necessary to pay the principal on the Prior Bonds as prescribed in the Prior Ordinance; and (ii) an amount equal to the amount of principal which will mature and become due on the Series 2009 A Bonds on the next monthly principal payment date.

(4) If the Purchaser waives the funding of a reserve account, then the Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amount necessary to pay the required Reserve Account payments as prescribed by the Prior Ordinance. If the Purchaser does not waive a reserve requirement, then such requirement shall be established in the Supplemental Resolution.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund the amounts required by the Prior Ordinance with respect to the Prior Bonds.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. The Series 2009 A Bonds shall have no lien on the Prior Bonds Reserve Account held at the Commission.

The Issuer shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times as the Commission shall require such additional sums as shall be necessary to pay the Prior Bonds.

Moneys in the Sinking Fund shall be invested and reinvested by the Commission in accordance with Section 4.03 hereof.

If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds or accounts as provided herein and in the Prior Ordinance, the deficiency shall be made up in subsequent payments, in addition to the payments which would otherwise be required to be made into the funds and accounts on subsequent payment dates.

The City 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 Paying Agent the required interest, principal and reserve account payments.

Except as provided above and in the Supplemental Resolution, all sinking fund, reserve account, payments shall remain as governed by the Prior Ordinance and depreciation fund.

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

Section 4.03. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance 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 direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the Prior Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 4.03.

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. The Paying Agent, 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 of such liquidation. The Depository Bank or such other bank or national banking association 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 City, at least once each year (or more often if reasonably requested by the City), a summary of such funds, accounts and investment earnings. The City shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE V

DEFAULT AND REMEDIES

Section 5.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

- (1) If default occurs in the due and punctual payment of the principal of or interest on the Bonds; or
- (2) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, any supplemental resolution or in the Bonds, and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Paying Agent, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Registered Owner of a Bond; or
- (3) If the City 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 5.02. 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 City to perform its duties under the Act and the Ordinance 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 City 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 Ordinance with respect to the Bonds, or the rights of such Registered Owners.

Section 5.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the City under the Ordinance and the Act, including, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the 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 City, 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 Ordinance 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 the System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the City exercise all the rights and powers of the City with respect to said facilities as the City itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Ordinance 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City 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 City and for the joint protection and benefit of the City 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 City 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 Ordinance, and the title to and ownership of the System shall remain in the City, 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 VI

ADDITIONAL COVENANTS OF THE CITY

All the covenants, agreements and provisions of the Prior Ordinance shall remain in full force and effect as long as the Prior Bonds are outstanding and shall apply

to the Bonds as if fully set out herein. The following covenants are supplemental and in addition to the covenants set forth in the Prior Ordinance.

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Registered Owner of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Registered Owner of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Ordinance. No Registered Owner of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest, if any, thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Bonds shall be secured equally and ratably by a first lien on the Net Revenues derived from the operation of the System with each other and with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Prior Bonds and to make the payments into the sinking funds and the reserve accounts, if any, therein and in the Renewal and Replacement Fund established herein or in the Prior Ordinance are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds and the Prior Bonds as the same become due.

Section 6.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. 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 and accounts created or maintained hereunder. Such schedule of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes.

So long as the Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Ordinance. The Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be at least sufficient to provide for all reasonable operating expenses of the System and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum annual amount required to pay the interest on and principal of the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, as the same become due and accomplish retirement of all Bonds for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. In the event the schedule of rates and charges initially established for the System in connection with the Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Ordinance, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Ordinance. To the extent permitted by law, all such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System.

Section 6.05. 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 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, 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. A portion of proceeds from any such sale, mortgage, lease or other disposition of the System that is sufficient to pay the entire outstanding principal and interest on the Bonds shall, with respect to the Bonds, immediately be remitted to the Paying Agent for deposit in the Bonds Sinking Fund and the Issuer shall direct the Paying Agent to apply such proceeds to the payment of principal of and interest, if any, on the Bonds. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Paying Agent.

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 duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$100,000, 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 in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$100,000, shall, with the written consent of the Authority, be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

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 \$100,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Registered Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Registered Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 6.07 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 Bonds. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof.

The Issuer shall give the Purchaser 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 6.07. 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. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bonds except under the conditions and in the manner provided in this Ordinance.

All Parity Bonds issued hereunder shall be on a parity in all respects with the 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 Bonds outstanding or both such purposes.

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the 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 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 Ordinance and the Prior Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance 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 Ordinance and the Prior Ordinance and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

Section 6.08. Books, Records and Audit. 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 Registered Owner of the Bonds issued pursuant to this Ordinance 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 PSC. 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 mail in each year to any Registered Owner of the Bonds requesting the same, an annual report containing the following:

(A) A statement of Revenues and Operating Expenses 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 Ordinance and the status of all said funds and accounts.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Registered Owner of the Bonds. Such audit report submitted to the Purchaser shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Section 6.09. Rates. Prior to the issuance of the Bonds, 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 the 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 and meet the requirements of the Prior Ordinance.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 60 days following a determination of the Issuer that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 6.10. 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 Purchaser within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Registered Owner of the Bonds who shall file his or her address with the Issuer and request in writing that copies of any such budgets and Ordinances 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 Registered Owner of the Bonds, or anyone acting for and on behalf of such Registered Owner.

Section 6.11. Insurance and Bonds. A. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance

with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(ii) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(iii) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(iv) Workers' Compensation Coverage for All Employees of the City Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of any construction in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(v) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer.

(vi) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of \$50,000, upon the treasurer.

Section 6.12. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided as long as the Bonds are outstanding.

Section 6.13. Compliance With Law. The City hereby covenants and agrees to perform, satisfy and comply with all terms, conditions and requirements of all applicable laws, rules and regulations issued by the State, federal or local bodies in regard to the operation, maintenance and use of the System.

Section 6.14. Operating Budget. The Sanitary Board shall annually prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for the operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Purchaser within 30 days of the adoption thereof.

Section 6.15. Tax Covenants. The City hereby further covenants and agrees as follows:

A. **PUBLIC PURPOSE BONDS.** The City shall use the Bond proceeds solely for the current refunding of the Series 1996 A Bonds and as otherwise set forth herein.

B. **PRIVATE ACTIVITY BOND COVENANT.** The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City 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 Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The City will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. **PRIVATE LOAN LIMITATION.** The City shall assure that not in excess of the lesser of 5% of the proceeds of the 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.

D. **FEDERAL GUARANTEE PROHIBITION.** The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

E. **INFORMATION RETURN.** The City shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

F. **FURTHER ACTIONS.** The City shall take any and all actions that may be required of it so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those deemed necessary by the Authority) which would adversely affect such exclusion.

G. **QUALIFIED TAX-EXEMPT OBLIGATION STATUS.** The Issuer does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 2009 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

Section 6.16. 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 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the 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 Bonds. For purposes of the first paragraph 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 first paragraph of 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 first paragraph of 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 benefitting thereby shall be treated as one issuer.

Section 6.17. Arbitrage. The City covenants that (i) it will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which would cause the 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 Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Tax Certificate and Rebate. The City shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the City covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

If it is determined that the City does not qualify for an exception to Section 148 of the Code or the City is otherwise subject to rebate in connection with the Bonds, the City shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Purchaser, the City shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The City shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the City to be used for any lawful purpose of the System. The City shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the City shall assure that such payments are made by the City to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the City shall cooperate with the Purchaser in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Purchaser at the expense of the City. The City may provide for the employment of independent attorneys, accountants or

consultants compensated on such reasonable basis as the City may deem appropriate in order to assure compliance with this Section 6.18. The City shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 6.18 in accordance with the requirements of Section 148(f) of the Code. In the event the City fails to make such rebates as required, the City shall pay the required rebate amount and all interest, penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take any other actions necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The City shall submit to the Purchaser within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the City qualifies for the small governmental issue exception to rebate or any other exception therefrom, then the City shall submit to the Purchaser a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The City shall also furnish to the Purchaser, at any time, such additional information relating to rebate as may be reasonably requested by the Purchaser, 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 VII

PAYMENT OR DEFEASANCE OF BONDS

Section 7.01. Payment or Defeasance of Bonds. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Registered Owners of all the Series 2009 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the Registered Owners of the Series 2009 A Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2009 A Bonds from gross income for federal income tax purposes.

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 the respective principal of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All 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 an escrow trustee 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 Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on said Bonds on and prior to the maturity date thereof, or if the City irrevocably determines to redeem any of said Bonds prior to the maturity thereof, on and prior to said redemption date. Neither securities nor moneys deposited with the Commission or an escrow trustee 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 of and interest on said Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Commission or said escrow trustee, 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 of and redemption premium, if any, and interest to become due on said Bonds on and prior to such maturity or redemption dates thereof,

and interest earned from such reinvestments shall be paid over to the City as received by the Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Modification or Amendment. Prior to the issuance of the Bonds, this Ordinance may be amended or supplemented in any way by a Supplemental Resolution. Following issuance of the Bonds, no material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Registered Owners shall be made without the consent in writing of the Registered Owners of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the Registered Owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Registered Owner 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 on the Bonds from gross income of the Registered Owners thereof.

Section 8.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Bonds.

Section 8.03. Repeal of Conflicting Ordinances. All ordinances, resolutions and orders, or parts thereof, other than the Prior Ordinance, in conflict with this Ordinance are, to the extent of such conflict, repealed.

Section 8.04. Covenant of Due Procedure. The City 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 final enactment and passage 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 Council and the Sanitary Board were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

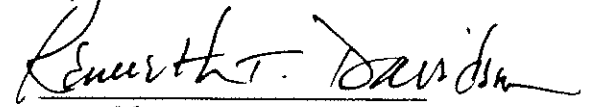
Section 8.05. Statutory Notice and Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least 6 full days intervening between each publication, in the Record Delta, a qualified newspaper published and of general circulation in the City of Buckhannon, together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Bonds, and that any person interested may appear before the Council upon a certain date, not less than 10 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 City for review by interested persons during office hours of the City. The Council hereby determines that the abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Section 8.06. Effective Date. This Ordinance shall take effect immediately following public hearing and final reading hereof.

First Reading: February 19, 2009

Second Reading: March 5, 2009

Public Hearing
and Third Reading: March 19, 2009


Mayor

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as City Recorder of the City of Buckhannon, Upshur County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of Buckhannon, such records being in the custody of the undersigned and maintained at the City of Buckhannon, City Hall, Buckhannon, Upshur County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 19th day of March, 2009.

Nancy C. Shobe
City Recorder

[SEAL]

EXHIBIT A

FORM OF SERIES 2009 A BOND

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2009 A

NUMBER: A-__ INTEREST RATE: __%
MATURITY DATE: __, __ BOND DATE: __
REGISTERED OWNER: __
PRINCIPAL AMOUNT: __ DOLLARS
(\$__)

KNOW ALL MEN BY THESE PRESENTS THAT THE CITY OF BUCKHANNON, (hereinafter called the "Issuer"), for value received, promises to pay to the order of __, or its registered assigns (the "Purchaser"), but solely from the sources and in the manner hereinafter provided, the principal sum of __ DOLLARS (\$__), in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the date of advance as endorsed hereon until paid, as follows:

The Bonds shall be payable and shall mature as follows:

- (A) ____
(B) ____

(C) Notwithstanding any other provision of this Bond or the Ordinance to the contrary, in the event of a Determination of Taxability, the rate of interest on the Bonds shall be equal to the Taxable Rate. Interest at the Taxable Rate shall commence to accrue on the date upon which a Determination of Taxability becomes effective, and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includable in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability and any interest being past due by reason of such increase shall become immediately due and payable; further, the present or former owners of the Bonds shall be entitled to payment, on demand, of any Special Charges. Special Charges means (a) an amount equal to any penalties or interest paid to the Internal Revenue Service or to the State by the present and former owners of the Bonds resulting from the failure to include interest on the Bonds in their gross income for purposes of determining their federal income tax or State income tax, plus any tax payable by them as a consequence of the receipt of such amount; plus (b) an amount equal to all reasonable administrative, out-of-pocket and other expenses, including legal fees and costs, incurred by the present and former holders which are directly or indirectly attributable to interest on the Bonds becoming subject to

federal or State income tax as a result of the failure to include interest on the Bonds in their gross income for purposes of determining their federal or State income tax, including, without limitation, costs incurred by the present and former Bondholders in amending their federal or State tax returns. Principal and interest on this bond are payable by the Paying Agent on the Principal and Interest Payment Dates. The principal of and interest on this Bond are payable in lawful money of the United States of America without deduction for the services of the paying agent.

THE BONDS SHALL HAVE A LIEN ON THE NET REVENUES OF THE SYSTEM THAT IS ON A PARITY WITH RESPECT TO THE LIEN ON THE NET REVENUES OF THE PRIOR BONDS. THE BONDS ARE NOT SECURED BY A RESERVE ACCOUNT.

This Bond is issued with the intent that the laws of the State of West Virginia shall govern its construction. This Bond constitutes the entire issuance of an authorized issue of Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), issued in the aggregate principal amount of \$_____ pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), for the purpose of financing all or a portion of the cost of current refunding the Series 1996 A Bonds and the cost of issuance thereof. The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Refunding Bond Ordinance enacted by the Issuer on _____, 2009 (the "Ordinance").

An executed counterpart of the Ordinance is on file at the office of said Issuer. The Ordinance contains provisions for the issuance of Parity Bonds. Reference is hereby made to the Ordinance and Supplemental Resolutions supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the special subaccounts and revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the terms and conditions under which Additional Bonds may be issued, the rights, duties and obligations of the Issuer, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Ordinance.

This Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefore.

The Issuer and Paying Agent may deem and treat the Registered Owner thereof as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Registrar with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date without a prepayment premium.

The Bonds are limited special obligations of the Issuer and are payable solely out of the money payable under the Ordinance and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special funds derived from the Ordinance. Under the Ordinance, the Issuer must pay the Paying Agent such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same mature.

The Registered Owner of the Bond shall have no right to enforce the provisions of the Ordinance or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the bonds issued under the Ordinance and then outstanding, may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Ordinance, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Ordinance.

Under the Act, this Bond and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Issuer does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 2009 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

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 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the 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 as applicable to the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of this Bond in order to make this Bond a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Ordinance, have happened and have been performed in regular and due form as required by law; that this Bond does not exceed or violate any constitutional or statutory limitation and that a sufficient amount of money has been pledged to and will be set aside into the Principal and Interest Account by the Issuer for the prompt payment of the principal of and interest on this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication and Registration appearing hereon shall have been duly and manually executed by the Registrar.

IN WITNESS WHEREOF, THE CITY OF BUCKHANNON has caused this Bond to be executed in its name by the manual signature of its Mayor and its seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its City Recorder, all as of the date set forth above.

CITY OF BUCKHANNON

(SEAL)

By: Kim H. Davidson
Mayor

By: Nancy C. Shobe
City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 A Bonds described in the within named Ordinance and has been duly registered in the name set forth above as of the date set forth below.

Dated: _____.

_____, as Registrar

By: _____
Authorized Officer

EXHIBIT A
DEBT SERVICE SCHEDULE

(Form of Assignment)

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

(Please print or type name, address and Social Security Number of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____, as Attorney, to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

In the presence of:

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

CITY OF BUCKHANNON, WEST VIRGINIA NOTICE OF PUBLIC HEARING AND ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on _____, 2009, the City Council of the City of Buckhannon, West Virginia (the "City") adopted an ordinance which, among other things:

1. Authorized the issuance of not more than \$2,900,000 in aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 2009 A for the purposes of currently refunding the Issuer's Sewer System Refunding Revenue Bonds, Series 1996 A, and payment of the cost of issuance of the Bonds.

3. Directed that the Bonds be issued in such principal amounts, bear interest at such rate or rates, not exceeding the then legal maximum rate, mature on such dates and in such amounts and redeemable, in whole or in part, as prescribed in a supplemental resolution.

4. Directed the continuation of the revenue fund and the disposition of the System revenues; provided for the payment of operating expenses of the System and debt service on the Bonds; directed the creation of a sinking fund for the Bonds and a reserve account for the Bonds and continuation of the renewal and replacement fund; and directed the creation of a bond proceed trust fund and the disbursement of Bond proceeds.

5. Provided that the Bonds shall not be or constitute a corporate indebtedness of the City within the meaning of any statutory or constitutional limitations, but shall be payable solely from the Net Revenues of the System; pledged the Net Revenues of the System to payment of the Bonds and established the rights of the registered owners of the Bonds to such Net Revenues; provided certain conditions for the issuance of additional bonds.

6. Provided for insurance coverage on the System, enforcement of collection of fees, rates or other charges for the System and other covenants in favor of the registered owners; established the events of default and the remedies of the registered owners; and provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The City contemplates the issuance of and the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of Buckhannon at a regular meeting on March __, 2009, at 7:00 p.m., in the Council Chambers, City Hall, Buckhannon, West Virginia, at 70 East Main Street, Buckhannon, West Virginia 26201, and present protests and be heard as to whether the above-described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on _____, 2009, is on file with the City Recorder for review by interested persons at the City Hall during regular office hours, to-wit: 8:00 a.m. to 4:00 p.m., Monday through Friday.

/s/

City Recorder of the City of Buckhannon,
West Virginia

RESOLUTION 2009-06
OF THE CITY COUNCIL OF THE CITY OF BUCKHANNON

**RESOLUTION PUTTING SERIES 2009 A REFUNDING BOND
ORDINANCE INTO EFFECT**

WHEREAS, the City Council of the City of Buckhannon (the "Council") on March 5, 2009, adopted an ordinance (the "Ordinance") entitled as follows:

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$2,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF BUCKHANNON SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A FOR THE PURPOSES OF CURRENTLY REFUNDING THE ISSUER'S SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REFUNDING REVENUE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS ; AND ADOPTING OTHER PROVISIONS RELATED THERETO

WHEREAS, as required by the Ordinance, an abstract of the Ordinance, together with a notice of public hearing (the "Notice"), was published as a Class II legal advertisement in the Record Delta on March 20 and March 27, 2009, and an affidavit of such publication shall be attached as Exhibit A hereto; and

WHEREAS, in accordance with the Notice, a public hearing was held on the date hereof, and all interested persons, if any, appeared before the Council to be heard as to whether the Ordinance should be put into effect, and all such protests, objections and suggestions, if any, were heard;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL
OF THE CITY OF BUCKHANNON, WEST VIRGINIA, AS FOLLOWS:**

1. No protests, objections or suggestions were heard by Council at the public hearing that would make it necessary or desirable not to put the Ordinance into effect. Accordingly, the Ordinance shall be put into effect at the expiration of the 30-day period succeeding its adoption on March 5, 2009; provided, that the issuance of the Bonds authorized by the Ordinance shall be further approved by the Supplemental Resolution described in the Ordinance.

2. This Resolution shall take effect immediately upon adoption.

ADOPTED this 2nd day of April 2009.



Mayor

RESOLUTION NO. 2009-08

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A

SUPPLEMENTAL RESOLUTION.

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNTS, SERIES DESIGNATIONS, DATES, MATURITY DATES, INTEREST RATES, PAYMENT SCHEDULE, SALE PRICES AND OTHER TERMS OF THE CITY OF BUCKHANNON SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A (THE "BONDS"); DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE SALE OF THE SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (sometimes referred to herein as the "Governing Body") of The City of Buckhannon (the "Issuer") duly and officially adopted a Bond Ordinance on March 5, 2009 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN \$2,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF BUCKHANNON SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A FOR THE PURPOSES OF CURRENTLY REFUNDING THE ISSUER'S SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A AND PAYMENT OF THE COST OF ISSUANCE OF THE BONDS; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REFUNDING REVENUE BONDS; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO;

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

WHEREAS, the Ordinance provides for the issuance of the Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds" or "Series 2009 A Bonds"), of the Issuer, in an aggregate principal amount of not more than \$2,900,000, all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"); and further provides that the principal amounts, series designations, dates, maturity dates, interest rates, payment schedule, sale prices and other terms of the Series 2009 A Bonds should be established by a supplemental resolution, and that other matters relating to the Series 2009 A Bonds be herein provided for;

WHEREAS, the Ordinance provides that the Series 2009 A Bonds be sold to a Purchaser so designated in a supplemental resolution, upon terms of purchase agreed to by such Purchaser and the Issuer; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the principal amounts, series designations, dates, maturity dates, interest rates, payment schedule, sale prices and other terms of the Series 2009 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2009 A Bonds be herein provided for.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BUCKHANNON, WEST VIRGINIA, AS FOLLOWS:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Refunding Revenue Bonds, Series 2009 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the original principal amount of approximately, but not to exceed, \$2,010,000. The Series 2009 A Bonds shall be dated the date of delivery and shall finally mature on October 1, 2025. The Series 2009 A Bonds shall bear interest at the rate of 4.23% per annum or such lesser rate of interest to which the Purchaser may agree. The Series 2009 A Bonds shall contain such terms and provisions and be in substantially the form set forth in Schedule 1 hereto, with such changes as are determined as necessary and approved by the Mayor, with his execution of the Series 2009 A Bonds to constitute conclusive evidence of such determination and approval. Among other things, the Series 2009 A Bonds shall set forth the exact original principal amount of and interest rate on the Series 2009 A Bonds, subject to the maximum principal amount and interest rate set forth above. The principal of and interest on the Series 2009 A Bonds shall be payable monthly, on the first day of each month, commencing June 1, 2009, in the amounts as set forth in Exhibit A attached to the

Series 2009 A Bonds. The Series 2009 A Bonds shall be subject to prepayment in whole on any scheduled payment date with a one percent (1%) prepayment premium.

Section 2. No Reserve Account shall be established for the Series 2009 A Bonds; provided, that the Purchaser shall execute and deliver a waiver of the Reserve Account prior to the issuance of the Series 2009 A Bonds. The reserve account established for the Prior Bonds shall not secure the Series 2009 A Bonds.

Section 3. The following non-substantive, clerical corrections are hereby made to the Ordinance in order to correct internal section references made within the Ordinance document:

(A) The definition of "Bonds Sinking Fund" in Section 1.04 is hereby corrected to read as follows:

"Bonds Sinking Fund" shall mean the Bonds Sinking Fund created by Section 4.02 hereof

(B) The definition of "Bonds Proceeds Fund" in Section 1.04 is hereby deleted.

(C) The parenthetical in the definition of "Gross Revenues" in Section 1.04 is hereby corrected to read as follows:

(including Qualified Investments, as hereinafter defined, purchased pursuant to Section 4.03 hereof)

(D) Item (iii) in the definition of "Outstanding" in Section 1.04 is hereby corrected to read as follows:

(iii) any such Bond deemed to have been paid as provided in Section 7.01 hereof

(E) In the second sentence of the first paragraph of Section 6.05, the reference to "Article X hereof" is hereby corrected to read "Article VII hereof".

(F) Section 8.06 of the Ordinance and the dates set forth below Section 8.06 are hereby corrected to read as follows:

This Ordinance shall take effect on the later of
(i) immediately after the public hearing or (ii) 30 days
after the adoption of the Ordinance.

First Reading:	February 19, 2009
Adoption:	March 5, 2009
Public Hearing:	April 2, 2009
Effective Date:	April 4, 2009

Section 4. Except as herein provided, all other provisions relating to the Series 2009 A Bonds shall be as provided in the Ordinance, and the Series 2009 A Bonds shall be in substantially the form provided in the Ordinance with such changes, insertions and omissions as may be approved by the Mayor of the Issuer. The execution of the Series 2009 A Bonds by the Mayor shall be conclusive evidence of such approval.

Section 5. Branch Banking and Trust Company (the "Purchaser") is hereby designated as the Purchaser of the Series 2009 A Bonds. The sale of the Series 2009 A Bonds to the Purchaser within the terms set forth in Section 1, above, and, except as specifically set forth in Section 1, above, substantially as set forth in the term sheet delivered by the Purchaser, a copy of which is attached to this Supplemental Resolution as Schedule 2, is hereby approved. The Issuer acknowledges that the Purchaser is being appointed as the Registrar and Depository Bank below and is an affiliate of Scott & Stringfellow, Inc., the financial advisor for the Issuer. The Mayor is authorized and directed to execute and deliver a commitment letter, bond purchase agreement or similar agreement with the Purchaser (the "Bank Commitment Letter"), in such form as the Mayor, upon advice of counsel, may approve. The Mayor's signature on such Bank Commitment Letter shall be conclusive evidence of such approval.

Section 6. The Issuer hereby appoints and designates Branch Banking and Trust Company to serve as Registrar (the "Registrar") for the Series 2009 A Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Series 2009 A 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, directed and approved. Anything to the contrary in the Ordinance, this Supplemental Resolution or the Registrar Agreement notwithstanding, the Series 2009 A Bonds may be transferred only to institutional investors and other purchasers who meet the criteria set forth in the letter delivered to the Issuer and Bond Counsel by the Purchaser upon its original purchase of the Series 2009 A Bonds and who, as a condition to such purchase, deliver to Bond Counsel an executed letter substantially in the form delivered by the Purchaser.

Section 7. The Issuer hereby appoints and designates the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2009 A Bonds under the Ordinance.

Section 8. The Issuer hereby appoints and designates Branch Banking and Trust Company to serve as Depository Bank under the Ordinance.

Section 9. The Issuer hereby appoints and designates the Commission to serve as the Escrow Agent for the Series 1996 A Bonds being refunded with the proceeds of the Series 2009 A Bonds. The Issuer hereby approves the Escrow Agreement between the Issuer and the Escrow Agent, substantially in the form of the agreement attached hereto as Schedule 3, relating to said refunding and defeasance of the Series 1996 A Bonds. The Mayor is authorized to execute and deliver the Escrow Agreement with such changes as are determined necessary and approved by the Mayor, with his execution of the Escrow Agreement to constitute conclusive evidence of such determination and approval.

Section 10. From the moneys received from the sale of the Series 2009 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(A) \$1,914,107.78 of such proceeds, which is hereby found to be the amount necessary, together with such funds of the Issuer as are made available by the defeasance of the Series 1996 A Bonds, to refund the Series 1996 A Bonds, shall be applied by the Issuer pursuant to the provisions of the Escrow Agreement; and

(B) \$90,000 of such proceeds is hereby approved by the Issuer as the costs of issuance, and the Issuer authorizes the deposit of such funds in the Costs of Issuance Account with the Depository Bank and the payment of the same.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2009 A Bonds hereby and by the Ordinance approved and provided for, to the end that the Series 2009 A Bonds may be delivered to the Purchaser pursuant to the Bank Commitment Letter on or about April 23, 2009.

Section 12. The refunding of the Series 1996 A Bonds, in part with proceeds of the Series 2009 A Bonds, is hereby found and determined to be in the public interest, serve a public purpose of the Issuer and promote the health, welfare and safety of the residents of the Issuer. The Series 1996 A Bonds shall be redeemed on May 6, 2009, which shall be the redemption date, as further provided in the Escrow Agreement.

Section 13. The Issuer hereby determines to invest any moneys in the funds and accounts established by the Ordinance held by the Depository Bank until expended in money market accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to invest all moneys in such money market accounts until further directed in writing by the Issuer. Moneys in the

Series 2009 A Bonds Sinking Fund shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 14. In Section 3.11 of the Ordinance, the Issuer designated the Series 2009 A Bonds as “qualified tax-exempt obligations.” In doing so, the Issuer covenanted not to issue more than \$10,000,000 in obligations the interest on which is excludable from gross income for federal income tax purposes during calendar year 2009. The American Recovery and Reinvestment Act of 2009 temporarily increased the limit applicable to qualified tax-exempt obligations from \$10,000,000 to \$30,000,000. Accordingly, the Issuer confirms its designation of the Series 2009 A Bonds as “qualified tax-exempt obligations” but covenants that it has not and will not issue more than \$30,000,000 or such lesser amount as is allowable under the Code in aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 Code), including the Series 2009 A Bonds, during calendar year 2009, all as determined in accordance with the Code.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 16th day of April, 2009.

[The remainder of this page is intentionally blank.]

VOTE ON RESOLUTION

IN FAVOR

OPPOSED

- (1) Kenneth H. Davidson _____
Kenneth Davidson, Mayor
- (2) Nancy C. Shobe _____
Nancy C. Shobe, City Recorder
- (3) M. Keith Queen _____
M. Keith Queen, Council Member
- (4) Pamela Cuppari _____
Pamela Cuppari, Council Member
- (5) Geraldine Henderson _____
Geraldine Henderson, Council Member
- (6) Elizabeth Lee _____
Elizabeth Lee, Council Member
- (7) J. David Thomas _____
J. David Thomas, Council Member

CERTIFICATE OF ENACTMENT

I, Nancy C. Shobe, City Recorder, do hereby certify that the foregoing Resolution No. 2009-68 was lawfully ordained and enacted by the Council of the City of Buckhannon during a regular session of the said Council assembled on April 16, 2009.

Nancy C. Shobe
Nancy C. Shobe, City Recorder

SCHEDULE 1

BOND FORM

(attach copy)

THIS BOND IS TRANSFERABLE ONLY IN ACCORDANCE WITH
THE REQUIREMENTS OF THE ORDINANCE DESCRIBED BELOW

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2009 A

INTEREST RATE: 4.23%

DATE: October 1, 2025

BOND DATE: April 23, 2009

REGISTERED OWNER: Branch Banking and Trust Company

AMOUNT: TWO MILLION FOUR THOUSAND SIX HUNDRED
EIGHT DOLLARS (\$2,004,608)

KNOW ALL MEN BY THESE PRESENTS THAT THE CITY OF BUCKHANNON, (hereinafter called the "Issuer"), for value received, promises to pay to the order of Branch Banking and Trust Company (the "Purchaser"), or its registered assigns but solely from the sources and in the manner hereinafter provided, the principal sum of TWO MILLION FOUR THOUSAND SIX HUNDRED EIGHT DOLLARS (\$2,004,608), in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the Bond Date set forth above until paid, as follows:

The Bonds shall be subject to payment of principal and interest on the first day of each month, beginning June 1, 2009, in accordance with the schedule attached as Exhibit A hereto and incorporated herein by reference and shall finally mature on October 1, 2025, on which date all unpaid principal and accrued interest on the Bonds shall be paid. The principal of and interest on this Bond are payable in lawful money of the United States of America without deduction for the services of the Paying Agent.

Notwithstanding any other provision of this Bond or the Ordinance to the contrary, in the event of a Determination of Taxability, the rate of interest on the Bonds shall be equal to the Taxable Rate. Interest at the Taxable Rate shall commence to accrue on the date upon which a Determination of Taxability becomes effective, and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includable in gross

income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability and any interest being past due by reason of such increase shall become immediately due and payable; further, the present or former owners of the Bonds shall be entitled to payment, on demand, of any Special Charges. Special Charges means (a) an amount equal to any penalties or interest paid to the Internal Revenue Service or to the State by the present and former owners of the Bonds resulting from the failure to include interest on the Bonds in their gross income for purposes of determining their federal income tax or State income tax, plus any tax payable by them as a consequence of the receipt of such amount; plus (b) an amount equal to all reasonable administrative, out-of-pocket and other expenses, including legal fees and costs, incurred by the present and former holders which are directly or indirectly attributable to interest on the Bonds becoming subject to federal or State income tax as a result of the failure to include interest on the Bonds in their gross income for purposes of determining their federal or State income tax, including, without limitation, costs incurred by the present and former Bondholders in amending their federal or State tax returns.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a prepayment premium of one percent (1%) of the principal balance.

THE BONDS SHALL HAVE A LIEN ON THE NET REVENUES OF THE SYSTEM THAT IS ON A PARITY WITH RESPECT TO THE LIEN ON THE NET REVENUES OF THE PRIOR BONDS. THE BONDS ARE NOT SECURED BY A RESERVE ACCOUNT.

This Bond is issued with the intent that the laws of the State of West Virginia shall govern its construction. This Bond constitutes the entire issuance of an authorized issue of Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), issued in the aggregate principal amount of \$2,004,608 pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), for the purpose of financing a portion of the cost of the current refunding of the Series 1996 A Bonds and the cost of issuance thereof. The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Refunding Bond Ordinance enacted by the Issuer on March 5, 2009, as supplemented on April 16, 2009 (the "Ordinance").

An executed counterpart of the Ordinance is on file at the office of said Issuer. The Ordinance contains provisions for the issuance of Parity Bonds. Reference is hereby made to the Prior Ordinance, the Ordinance and Supplemental Resolutions supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the special subaccounts and revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the terms and conditions under which Additional

Bonds may be issued, the rights, duties and obligations of the Issuer, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Ordinance.

This Bond is transferable only to certain qualified purchasers as described in the Ordinance. Assuming those qualifications are met, this Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer and Paying Agent may deem and treat the Registered Owner of this Bond as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Registrar with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

The Bonds are limited, special obligations of the Issuer and are payable solely out of the money payable under the Ordinance, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special fund provided from the Net Revenues of the System, as described in the Ordinance. The Bonds shall not constitute a general obligation of the Issuer or an indebtedness of the Issuer within the meaning of the Constitution of the State. Under the Ordinance, the Issuer must pay the Paying Agent such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same come due.

The Registered Owner of the Bond shall have no right to enforce the provisions of the Ordinance or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. In certain events, on the conditions, in the manner and with the effect set forth in the Ordinance, the principal of all the bonds issued under the Ordinance and then outstanding may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Ordinance, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Ordinance.

Under the Act, this Bond and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations during the calendar year 2009 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

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 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the 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 as applicable to the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of this Bond in order to make this Bond a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Ordinance, have happened and have been performed in regular and due form as required by law; that this Bond does not exceed or violate any constitutional or statutory limitation and that a sufficient amount of money has been pledged to and will be set aside into the Sinking Fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication appearing hereon shall have been duly and manually executed by the Registrar.

IN WITNESS WHEREOF, THE CITY OF BUCKHANNON has caused this Bond to be executed in its name by the manual signature of its Mayor and its seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its City Recorder, all as of the date set forth above.

THE CITY OF BUCKHANNON

(SEAL)

By: Kenneth T. Davidson
Mayor

By: David C. Shobe
City Recorder

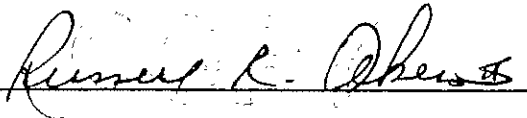
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance.

Date of Authentication: April 23, 2009

BRANCH BANKING AND TRUST
COMPANY, AS REGISTRAR

By

A handwritten signature in cursive script, appearing to read "Russell L. Oberst", is written over a horizontal line.

Its Authorized Officer

EXHIBIT A
PAYMENT SCHEDULE

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
06/01/09	\$5,187.75	4.230%	\$8,950.57	\$14,138.32	\$14,075.44
07/01/09	7,097.01	4.230%	7,047.96	14,144.97	14,032.60
08/01/09	7,122.03	4.230%	7,022.94	14,144.97	13,983.31
09/01/09	7,147.14	4.230%	6,997.83	14,144.97	13,934.19
10/01/09	7,172.33	4.230%	6,972.64	14,144.97	13,885.25
11/01/09	7,197.61	4.230%	6,947.36	14,144.97	13,836.47
12/01/09	7,222.98	4.230%	6,921.99	14,144.97	13,787.87
01/01/10	7,248.44	4.230%	6,896.53	14,144.97	13,739.44
02/01/10	7,274.00	4.230%	6,870.97	14,144.97	13,691.18
03/01/10	7,299.64	4.230%	6,845.33	14,144.97	13,643.09
04/01/10	7,325.37	4.230%	6,819.60	14,144.97	13,595.16
05/01/10	7,351.19	4.230%	6,793.78	14,144.97	13,547.41
06/01/10	7,377.10	4.230%	6,767.87	14,144.97	13,499.82
07/01/10	7,403.11	4.230%	6,741.86	14,144.97	13,452.40
08/01/10	7,429.20	4.230%	6,715.77	14,144.97	13,405.15
09/01/10	7,455.39	4.230%	6,689.58	14,144.97	13,358.06
10/01/10	7,481.67	4.230%	6,663.30	14,144.97	13,311.14
11/01/10	7,508.04	4.230%	6,636.93	14,144.97	13,264.39
12/01/10	7,534.51	4.230%	6,610.46	14,144.97	13,217.79
01/01/11	7,561.07	4.230%	6,583.90	14,144.97	13,171.37
02/01/11	7,587.72	4.230%	6,557.25	14,144.97	13,125.10
03/01/11	7,614.47	4.230%	6,530.50	14,144.97	13,079.00
04/01/11	7,641.31	4.230%	6,503.66	14,144.97	13,033.06
05/01/11	7,668.24	4.230%	6,476.73	14,144.97	12,987.28
06/01/11	7,695.28	4.230%	6,449.69	14,144.97	12,941.66
07/01/11	7,722.40	4.230%	6,422.57	14,144.97	12,896.20
08/01/11	7,749.62	4.230%	6,395.35	14,144.97	12,850.90
09/01/11	7,776.94	4.230%	6,368.03	14,144.97	12,805.76
10/01/11	7,804.35	4.230%	6,340.62	14,144.97	12,760.78
11/01/11	7,831.86	4.230%	6,313.11	14,144.97	12,715.95
12/01/11	7,859.47	4.230%	6,285.50	14,144.97	12,671.29
01/01/12	7,887.18	4.230%	6,257.79	14,144.97	12,626.78
02/01/12	7,914.98	4.230%	6,229.99	14,144.97	12,582.43
03/01/12	7,942.88	4.230%	6,202.09	14,144.97	12,538.23
04/01/12	7,970.88	4.230%	6,174.09	14,144.97	12,494.19
05/01/12	7,998.97	4.230%	6,146.00	14,144.97	12,450.30
06/01/12	8,027.17	4.230%	6,117.80	14,144.97	12,406.57
07/01/12	8,055.47	4.230%	6,089.50	14,144.97	12,362.99
08/01/12	8,083.86	4.230%	6,061.11	14,144.97	12,319.56
09/01/12	8,112.36	4.230%	6,032.61	14,144.97	12,276.29

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/12	8,140.95	4.230%	6,004.02	14,144.97	12,233.17
11/01/12	8,169.65	4.230%	5,975.32	14,144.97	12,190.20
12/01/12	8,198.45	4.230%	5,946.52	14,144.97	12,147.38
01/01/13	8,227.35	4.230%	5,917.62	14,144.97	12,104.71
02/01/13	8,256.35	4.230%	5,888.62	14,144.97	12,062.19
03/01/13	8,285.45	4.230%	5,859.52	14,144.97	12,019.82
04/01/13	8,314.66	4.230%	5,830.31	14,144.97	11,977.60
05/01/13	8,343.97	4.230%	5,801.00	14,144.97	11,935.53
06/01/13	8,373.38	4.230%	5,771.59	14,144.97	11,893.60
07/01/13	8,402.90	4.230%	5,742.07	14,144.97	11,851.82
08/01/13	8,432.52	4.230%	5,712.45	14,144.97	11,810.19
09/01/13	8,462.24	4.230%	5,682.73	14,144.97	11,768.71
10/01/13	8,492.07	4.230%	5,652.90	14,144.97	11,727.37
11/01/13	8,522.01	4.230%	5,622.96	14,144.97	11,686.18
12/01/13	8,552.05	4.230%	5,592.92	14,144.97	11,645.13
01/01/14	8,582.19	4.230%	5,562.78	14,144.97	11,604.22
02/01/14	8,612.44	4.230%	5,532.53	14,144.97	11,563.46
03/01/14	8,642.80	4.230%	5,502.17	14,144.97	11,522.85
04/01/14	8,673.27	4.230%	5,471.70	14,144.97	11,482.37
05/01/14	8,703.84	4.230%	5,441.13	14,144.97	11,442.04
06/01/14	8,734.52	4.230%	5,410.45	14,144.97	11,401.85
07/01/14	8,765.31	4.230%	5,379.66	14,144.97	11,361.80
08/01/14	8,796.21	4.230%	5,348.76	14,144.97	11,321.89
09/01/14	8,827.22	4.230%	5,317.75	14,144.97	11,282.12
10/01/14	8,858.33	4.230%	5,286.64	14,144.97	11,242.49
11/01/14	8,889.56	4.230%	5,255.41	14,144.97	11,203.00
12/01/14	8,920.89	4.230%	5,224.08	14,144.97	11,163.65
01/01/15	8,952.34	4.230%	5,192.63	14,144.97	11,124.43
02/01/15	8,983.90	4.230%	5,161.07	14,144.97	11,085.36
03/01/15	9,015.57	4.230%	5,129.40	14,144.97	11,046.42
04/01/15	9,047.35	4.230%	5,097.62	14,144.97	11,007.62
05/01/15	9,079.24	4.230%	5,065.73	14,144.97	10,968.95
06/01/15	9,111.24	4.230%	5,033.73	14,144.97	10,930.42
07/01/15	9,143.36	4.230%	5,001.61	14,144.97	10,892.03
08/01/15	9,175.59	4.230%	4,969.38	14,144.97	10,853.77
09/01/15	9,207.93	4.230%	4,937.04	14,144.97	10,815.64
10/01/15	9,240.39	4.230%	4,904.58	14,144.97	10,777.65
11/01/15	9,272.96	4.230%	4,872.01	14,144.97	10,739.80
12/01/15	9,305.65	4.230%	4,839.32	14,144.97	10,702.07
01/01/16	9,338.45	4.230%	4,806.52	14,144.97	10,664.48
02/01/16	9,371.37	4.230%	4,773.60	14,144.97	10,627.02
03/01/16	9,404.41	4.230%	4,740.56	14,144.97	10,589.69

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/16	9,437.56	4.230%	4,707.41	14,144.97	10,552.49
05/01/16	9,470.82	4.230%	4,674.15	14,144.97	10,515.43
06/01/16	9,504.21	4.230%	4,640.76	14,144.97	10,478.49
07/01/16	9,537.71	4.230%	4,607.26	14,144.97	10,441.68
08/01/16	9,571.33	4.230%	4,573.64	14,144.97	10,405.01
09/01/16	9,605.07	4.230%	4,539.90	14,144.97	10,368.46
10/01/16	9,638.93	4.230%	4,506.04	14,144.97	10,332.04
11/01/16	9,672.90	4.230%	4,472.07	14,144.97	10,295.74
12/01/16	9,707.00	4.230%	4,437.97	14,144.97	10,259.58
01/01/17	9,741.22	4.230%	4,403.75	14,144.97	10,223.54
02/01/17	9,775.56	4.230%	4,369.41	14,144.97	10,187.63
03/01/17	9,810.02	4.230%	4,334.95	14,144.97	10,151.85
04/01/17	9,844.60	4.230%	4,300.37	14,144.97	10,116.19
05/01/17	9,879.30	4.230%	4,265.67	14,144.97	10,080.65
06/01/17	9,914.12	4.230%	4,230.85	14,144.97	10,045.24
07/01/17	9,949.07	4.230%	4,195.90	14,144.97	10,009.96
08/01/17	9,984.14	4.230%	4,160.83	14,144.97	9,974.80
09/01/17	10,019.33	4.230%	4,125.64	14,144.97	9,939.76
10/01/17	10,054.65	4.230%	4,090.32	14,144.97	9,904.85
11/01/17	10,090.10	4.230%	4,054.87	14,144.97	9,870.05
12/01/17	10,125.66	4.230%	4,019.31	14,144.97	9,835.38
01/01/18	10,161.36	4.230%	3,983.61	14,144.97	9,800.84
02/01/18	10,197.17	4.230%	3,947.80	14,144.97	9,766.41
03/01/18	10,233.12	4.230%	3,911.85	14,144.97	9,732.11
04/01/18	10,269.19	4.230%	3,875.78	14,144.97	9,697.92
05/01/18	10,305.39	4.230%	3,839.58	14,144.97	9,663.86
06/01/18	10,341.72	4.230%	3,803.25	14,144.97	9,629.91
07/01/18	10,378.17	4.230%	3,766.80	14,144.97	9,596.08
08/01/18	10,414.75	4.230%	3,730.22	14,144.97	9,562.38
09/01/18	10,451.47	4.230%	3,693.50	14,144.97	9,528.79
10/01/18	10,488.31	4.230%	3,656.66	14,144.97	9,495.32
11/01/18	10,525.28	4.230%	3,619.69	14,144.97	9,461.96
12/01/18	10,562.38	4.230%	3,582.59	14,144.97	9,428.73
01/01/19	10,599.61	4.230%	3,545.36	14,144.97	9,395.61
02/01/19	10,636.98	4.230%	3,507.99	14,144.97	9,362.61
03/01/19	10,674.47	4.230%	3,470.50	14,144.97	9,329.72
04/01/19	10,712.10	4.230%	3,432.87	14,144.97	9,296.95
05/01/19	10,749.86	4.230%	3,395.11	14,144.97	9,264.29
06/01/19	10,787.75	4.230%	3,357.22	14,144.97	9,231.75
07/01/19	10,825.78	4.230%	3,319.19	14,144.97	9,199.32
08/01/19	10,863.94	4.230%	3,281.03	14,144.97	9,167.01
09/01/19	10,902.24	4.230%	3,242.73	14,144.97	9,134.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/19	10,940.67	4.230%	3,204.30	14,144.97	9,102.72
11/01/19	10,979.23	4.230%	3,165.74	14,144.97	9,070.75
12/01/19	11,017.93	4.230%	3,127.04	14,144.97	9,038.89
01/01/20	11,056.77	4.230%	3,088.20	14,144.97	9,007.14
02/01/20	11,095.75	4.230%	3,049.22	14,144.97	8,975.50
03/01/20	11,134.86	4.230%	3,010.11	14,144.97	8,943.97
04/01/20	11,174.11	4.230%	2,970.86	14,144.97	8,912.55
05/01/20	11,213.50	4.230%	2,931.47	14,144.97	8,881.25
06/01/20	11,253.03	4.230%	2,891.94	14,144.97	8,850.05
07/01/20	11,292.69	4.230%	2,852.28	14,144.97	8,818.96
08/01/20	11,332.50	4.230%	2,812.47	14,144.97	8,787.99
09/01/20	11,372.45	4.230%	2,772.52	14,144.97	8,757.12
10/01/20	11,412.54	4.230%	2,732.43	14,144.97	8,726.36
11/01/20	11,452.76	4.230%	2,692.21	14,144.97	8,695.71
12/01/20	11,493.14	4.230%	2,651.83	14,144.97	8,665.16
01/01/21	11,533.65	4.230%	2,611.32	14,144.97	8,634.72
02/01/21	11,574.30	4.230%	2,570.67	14,144.97	8,604.39
03/01/21	11,615.10	4.230%	2,529.87	14,144.97	8,574.17
04/01/21	11,656.05	4.230%	2,488.92	14,144.97	8,544.05
05/01/21	11,697.13	4.230%	2,447.84	14,144.97	8,514.04
06/01/21	11,738.37	4.230%	2,406.60	14,144.97	8,484.13
07/01/21	11,779.75	4.230%	2,365.22	14,144.97	8,454.33
08/01/21	11,821.27	4.230%	2,323.70	14,144.97	8,424.64
09/01/21	11,862.94	4.230%	2,282.03	14,144.97	8,395.04
10/01/21	11,904.76	4.230%	2,240.21	14,144.97	8,365.56
11/01/21	11,946.72	4.230%	2,198.25	14,144.97	8,336.17
12/01/21	11,988.83	4.230%	2,156.14	14,144.97	8,306.89
01/01/22	12,031.09	4.230%	2,113.88	14,144.97	8,277.71
02/01/22	12,073.50	4.230%	2,071.47	14,144.97	8,248.63
03/01/22	12,116.06	4.230%	2,028.91	14,144.97	8,219.66
04/01/22	12,158.77	4.230%	1,986.20	14,144.97	8,190.79
05/01/22	12,201.63	4.230%	1,943.34	14,144.97	8,162.02
06/01/22	12,244.64	4.230%	1,900.33	14,144.97	8,133.35
07/01/22	12,287.80	4.230%	1,857.17	14,144.97	8,104.78
08/01/22	12,331.12	4.230%	1,813.85	14,144.97	8,076.31
09/01/22	12,374.58	4.230%	1,770.39	14,144.97	8,047.94
10/01/22	12,418.21	4.230%	1,726.76	14,144.97	8,019.67
11/01/22	12,461.98	4.230%	1,682.99	14,144.97	7,991.50
12/01/22	12,505.91	4.230%	1,639.06	14,144.97	7,963.43
01/01/23	12,549.99	4.230%	1,594.98	14,144.97	7,935.46
02/01/23	12,594.23	4.230%	1,550.74	14,144.97	7,907.58
03/01/23	12,638.62	4.230%	1,506.35	14,144.97	7,879.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/23	12,683.18	4.230%	1,461.79	14,144.97	7,852.13
05/01/23	12,727.88	4.230%	1,417.09	14,144.97	7,824.55
06/01/23	12,772.75	4.230%	1,372.22	14,144.97	7,797.06
07/01/23	12,817.77	4.230%	1,327.20	14,144.97	7,769.68
08/01/23	12,862.96	4.230%	1,282.01	14,144.97	7,742.38
09/01/23	12,908.30	4.230%	1,236.67	14,144.97	7,715.19
10/01/23	12,953.80	4.230%	1,191.17	14,144.97	7,688.09
11/01/23	12,999.46	4.230%	1,145.51	14,144.97	7,661.08
12/01/23	13,045.29	4.230%	1,099.68	14,144.97	7,634.17
01/01/24	13,091.27	4.230%	1,053.70	14,144.97	7,607.36
02/01/24	13,137.42	4.230%	1,007.55	14,144.97	7,580.64
03/01/24	13,183.73	4.230%	961.24	14,144.97	7,554.01
04/01/24	13,230.20	4.230%	914.77	14,144.97	7,527.47
05/01/24	13,276.84	4.230%	868.13	14,144.97	7,501.03
06/01/24	13,323.64	4.230%	821.33	14,144.97	7,474.68
07/01/24	13,370.60	4.230%	774.37	14,144.97	7,448.43
08/01/24	13,417.73	4.230%	727.24	14,144.97	7,422.27
09/01/24	13,465.03	4.230%	679.94	14,144.97	7,396.19
10/01/24	13,512.49	4.230%	632.48	14,144.97	7,370.21
11/01/24	13,560.13	4.230%	584.84	14,144.97	7,344.33
12/01/24	13,607.93	4.230%	537.04	14,144.97	7,318.53
01/01/25	13,655.89	4.230%	489.08	14,144.97	7,292.82
02/01/25	13,704.03	4.230%	440.94	14,144.97	7,267.20
03/01/25	13,752.34	4.230%	392.63	14,144.97	7,241.68
04/01/25	13,800.81	4.230%	344.16	14,144.97	7,216.24
05/01/25	13,849.46	4.230%	295.51	14,144.97	7,190.89
06/01/25	13,898.28	4.230%	246.69	14,144.97	7,165.63
07/01/25	13,947.27	4.230%	197.70	14,144.97	7,140.46
08/01/25	13,996.44	4.230%	148.53	14,144.97	7,115.38
09/01/25	14,045.77	4.230%	99.20	14,144.97	7,090.39
10/01/25	14,094.72	4.230%	49.68	14,144.40	7,065.20
	<u>\$2,004,608.00</u>		<u>\$781,943.87</u>	<u>\$2,786,551.87</u>	<u>\$2,004,608.00</u>
			Principal Amount of the Bonds		\$2,004,608.00

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), made and entered into the 23rd day of April, 2009, by and between THE CITY OF BUCKHANNON, a municipal corporation of the State of West Virginia (the "Issuer"), and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, an agency of the State of West Virginia established pursuant to West Virginia Code § 13-3-1 *et seq.* (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, pursuant to a Bond Ordinance effective October 17, 1996 (the "1996 A Ordinance"), issued its Sewerage System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds"), in the original principal amount of \$2,885,000, dated December 1, 1996, of which \$2,195,000 principal amount remains outstanding;

WHEREAS, the Issuer, pursuant to a Bond Ordinance enacted on March 5, 2009, and supplemented by Supplemental Resolution adopted on April 16, 2009 (collectively, the "Ordinance"), authorized the issuance of its Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"), in the original principal amount of \$2,004,608, dated the date hereof, to currently refund the Series 1996 A Bonds, and contemporaneously with the issuance thereof, legally defease the Series 1996 A Bonds by applying a portion of the proceeds of the Series 2009 A Bonds and certain moneys of the Issuer ("Issuer's Funds") to gross fund the Escrow Fund herein described;

WHEREAS, the cash amounts in the Escrow Fund which will be delivered to the Escrow Agent simultaneously with the delivery of the Series 2009 A Bonds, are in such amounts as to insure the payment on May 6, 2009 (the "Redemption Date"), of the entire principal amount of the Series 1996 A Bonds then outstanding, together with the interest accrued thereon (collectively, the "Redemption Price");

WHEREAS, the Issuer has found it desirable to appoint the Escrow Agent and the Escrow Agent has agreed to such appointment for the purposes of holding title, as

M0586492

trustee, to the cash deposit, disbursing to the paying agent such amounts as may be necessary to provide for payment of the Redemption Price of the Series 1996 A Bonds on the Redemption Date and holding, investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1996 A Bonds, as hereinabove provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Issuer hereby appoints the West Virginia Municipal Bond Commission as Escrow Agent for the Escrow Fund. The Escrow Agent hereby acknowledges receipt of true and correct copies of the 1996 A Ordinance and the Ordinance, copies of which are made a part hereof and incorporated herein. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance.

2. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "Escrow Fund", to be held in the custody of the Escrow Agent, separate and apart from any other funds of the Issuer or the Escrow Agent. The deposit of moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust for, and such moneys together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to the payment of the Redemption Price on the Redemption Date, all in accordance with paragraph 6 hereof.

3. Concurrently with the delivery of the Series 2009 A Bonds, the Escrow Agent shall deposit in the Escrow Fund (i) the sum of \$201,135 from the Series 1996 A Bonds Debt Service Reserve Fund; and (ii) the sum of \$91,000 from the Debt Service Fund.

4. Concurrently with the delivery of the Series 2009 A Bonds, the Issuer and the Escrow Agent shall cause (i) Series 2009 A Bonds proceeds in the amount of \$1,914,107.78; and (ii) the amounts described in paragraph 3 above, on deposit with the Escrow Agent in the Series 1996 A Debt Service Reserve Fund and Debt Service Fund (total of \$2,206,242.78) to be deposited in the Escrow Fund and the cash in the Escrow Fund shall be applied solely to the payment of the redemption price of the Series 1996 A Bonds on May 6, 2009 (the "Redemption Date"). A copy of the Notice of Redemption is attached as Exhibit A hereto.

5. If the Issuer requests that the Escrow Agent use the moneys in the Escrow Fund to purchase certain United States Treasury Obligations, and upon receipt of an opinion of nationally recognized bond counsel that such substitution will not affect the tax-exempt status of interest on the Series 2009 A Bonds under the Internal Revenue Code of 1986, as amended and then in effect (the "Code"), the Escrow Agent may substitute United States Treasury Obligations for the cash in the Escrow Fund, provided that such United States Treasury Obligations being substituted must be non-callable obligations of the United States of America ("Direct Obligations"), must be sufficient to pay the Redemption Price on the Redemption Date and provided further, that the Escrow Agent receives verification by a certified public accountant of the sufficiency of the escrowed securities to pay the Redemption Price on the Redemption Date.

6. The Escrow Agent shall transfer from the Escrow Fund and deposit directly with the paying agent for the Series 1996 A Bonds, in immediately available funds on the Redemption Date, an amount sufficient to pay the Redemption Price. The registrar of the Series 1996 A Bonds has previously provided a notice of redemption by first-class mail to the registered owners of the Series 1996 A Bonds, not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the 1996 A Ordinance. Such notice, a copy of which is attached as Exhibit A hereto, is hereby ratified, approved and confirmed by the Issuer.

7. The holders of the Series 1996 A Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

8. After the provision for payment of all the Outstanding Series 1996 A Bonds and the interest thereon, any amounts remaining in the Escrow Fund shall be immediately transferred to the Issuer and applied to the next ensuing interest payment on the Series 2009 A Bonds.

9. The Escrow Agent shall be entitled to fees for services rendered under this Agreement and reasonable expenses. The Issuer shall pay those fees and expenses from its own funds. In no event shall the Escrow Agent or any paying agent have any lien whatsoever upon any of the moneys or assets in the Escrow Fund for the payment of any fees or expenses.

10. The Issuer and the Escrow Agent independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 1996 A Bonds or the Series 2009 A Bonds to be an "arbitrage bond" as

defined in Section 148 of the Code, or to be subject to treatment under Section 148 as an obligation not described in Section 103 of the Code.

11. The Escrow Agent shall not have any responsibility with respect to the sufficiency of this Agreement to effect payment, redemption or defeasance of the Series 1996 A Bonds. The liability of the Escrow Agent for the payment of the principal of and the interest on, the Series 1996 A Bonds shall be limited to the application of the moneys and assets available for such purposes in the Escrow Fund, and the Escrow Agent shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Agreement. The Escrow Agent shall have no responsibility to the Issuer or any other person in connection with this Agreement, except as specifically provided herein, and shall not be responsible for anything done or omitted to be done by it except for its own negligence or willful default in the performance of any obligation imposed on it hereunder.

12. By execution of this Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent represents that it has all requisite power, and has taken all action necessary to execute the trusts hereby created.

13. If the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may inquire and consult with the Issuer, at any time. The Escrow Agent may request an opinion of counsel for a determination of any legal issue which might arise in the performance of its duties hereunder and may act in accordance with the advice given in such opinion.

14. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement.

15. The Escrow Agent may act upon any notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other instrument or document which the Escrow Agent in good faith believes to be genuine and correct and to have been signed or sent by the proper person or persons.

16. The Escrow Agent may resign or be removed by the Issuer, and thereby become discharged from the trusts hereby created, by notice given to the Issuer and each insurer of any of the Series 1996 A Bonds not less than thirty (30) days before such resignation or removal shall take effect. Such resignation or removal shall take

effect immediately, however, upon the earlier appointment of a new Escrow Agent hereunder and acceptance of the trusts hereby created. The Escrow Agent shall continue to serve as Escrow Agent until a successor is appointed and the funds held hereunder transferred. The Escrow Agent shall provide a proper accounting to the Issuer of all funds deposited pursuant to this Agreement within 30 days of the appointment of a successor Escrow Agent. If no such appointment has been made at the end of the 30 day period, the Escrow Agent may petition a court of competent jurisdiction for appointment of a successor or temporary Escrow Agent. In the event of the resignation or removal of the Escrow Agent, the Escrow Agent shall rebate to the Issuer any fees theretofore paid in advance by the Issuer to the Escrow Agent for its services under this Agreement.

17. This Agreement is made for the benefit of the Issuer, the Escrow Agent and the holders from time to time of the Series 1996 A Bonds, except as otherwise expressly provided herein. This Agreement may be modified or amended at anytime, provided, however, that no such modification or amendment shall be made which would materially adversely affect the interest of any of the holders of the Series 1996 A Bonds.

18. If any of the Outstanding Series 1996 A Bonds are not presented for payment on the Redemption Date, and moneys are held by the Escrow Agent for payment thereof, but not including any funds held by the paying agent for the Series 1996 A Bonds, such moneys shall be held for such purposes for a period of one year from the date such payment was due, at which time such moneys shall be paid to the Issuer. Following such payment to the Issuer, the Issuer shall be responsible for payment to any holder of the Series 1996 A Bonds presenting the Series 1996 A Bonds to the Escrow Agent of the amount payable to such holder.

19. The Escrow Agent shall act on behalf of the Issuer in the conduct of the proceedings for the redemption of the Outstanding Series 1996 A Bonds to be redeemed in accordance with the 1996 A Ordinance and the Ordinance.

20. This Agreement shall terminate on the earlier of the date on which all the Outstanding Series 1996 A Bonds have been paid in full and discharged in accordance with the respective provisions of the 1996 A Ordinance and the Ordinance or, as described in Paragraph 18 above, one year after the last date on which payment on the Series 1996 A Bonds is due, and at such time the balance of the Escrow Fund shall be transferred to the Issuer; provided, that the Issuer's obligations set forth in Paragraph 18 shall continue after such termination.

21. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement

shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

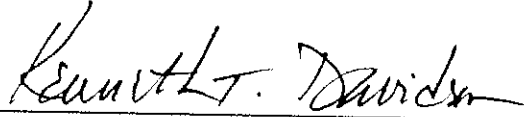
22. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

23. This Agreement is made in the State of West Virginia under the Constitution and laws of such state and is to be so construed.

[The remainder of this page is intentionally blank.]

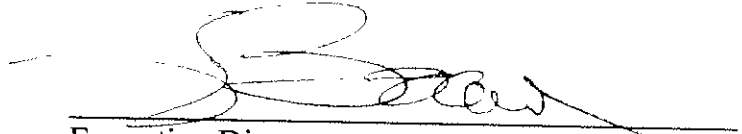
IN WITNESS WHEREOF, the parties hereto have executed this Agreement
on the day and year first above written.

THE CITY OF BUCKHANNON

A handwritten signature in cursive script, appearing to read "Kenneth L. Davidson", written over a horizontal line.

Mayor

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

A handwritten signature in cursive script, written over a horizontal line.

Executive Director

April 3, 2009

David Kirby
Financial Advisor
Scott & Stringfellow, Inc.
300 Summers Street, Suite 500
Charleston, WV 25301

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1635
Fax (304) 340-4702

Dear Mr. Kirby:

Branch Banking and Trust Company ("BB&T") is pleased to offer this proposal for the financing requested by the City of Buckhannon, West Virginia ("City").

- (1) **Project:** Refunding Sewerage Revenue Bonds, Series 2009
- (2) **Amount To Be Financed:** \$2,004,608.00
- (3) **Interest Rates, Financing Terms and Corresponding Payments:**

<u>Maturity</u>	<u>Rate</u>
October 1, 2025	4.23%

Payments shall be principal and interest monthly in arrears, as requested. See the attached amortization schedule(s) for information on payments.

The interest rates stated above are valid for a closing not later than 30 days after today. Closing of the financing is contingent upon completing documentation acceptable to BB&T and upon the condition of the property being acceptable to BB&T.

Remuneration for our legal expenses, preparation of documentation and for providing the financing services for this financing transaction shall be \$4,250.00. All applicable taxes, permits, costs of lawyers for the City and any other costs shall be the City's responsibility and separately payable by the City. The financing documents shall allow prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

The stated interest rates assume that the City expects to borrow less than \$30,000,000 in calendar year 2009 and that the City shall comply with IRS Code Sections 141, 148 and 149. BB&T reserves the right to terminate its interest in this bid or to negotiate a mutually acceptable rate if the financing is not qualified tax-exempt financing for the purpose of IRS Code Section 265(b)(3).

(4) Financing Documents:

It shall be the responsibility of the City to retain and compensate counsel to appropriately structure the revenue bonds according to Federal and West Virginia State Statutes. BB&T shall also require the City's Bond Counsel to provide an unqualified legal opinion. BB&T reserves the right to review the bonds and it must be mutually accepted by BB&T and the City.

(5) Security:

The sewerage revenue bonds shall be secured by a first lien on the revenues of the City of Buckhannon Sanitary Board, on parity with the city's Series 1986B revenue bonds.

* * * * *

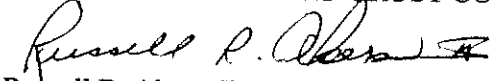
BB&T appreciates the opportunity to make this financing proposal and requests to be notified within five days of this proposal should BB&T be the successful proposer.

BB&T shall have the right to cancel this offer by notifying the City of its election to do so (whether or not this offer has previously been accepted by the City) if at any time prior to the closing there is a material adverse change in the City's financial condition, if we discover adverse circumstances of which we are currently unaware, if we are unable to agree on acceptable documentation with the City or if there is a change in law (or proposed change in law) that changes the economic effect of this financing to BB&T. We reserve the right to negotiate and/or terminate our interest in this transaction should we be the successful proposer.

Please call me at (304) 353-1635 with your questions and comments. We look forward to hearing from you.

Sincerely,

BRANCH BANKING AND TRUST COMPANY



Russell R. Akers, II
Vice President

Enclosure

April 23, 2009

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1635
Fax (304) 340-4702

The City of Buckhannon
City Hall
70 East Main Street
Buckhannon, West Virginia 26201

Jackson Kelly PLLC
P.O. Box 553
Charleston, West Virginia 25322

Re: \$2,004,608 The City of Buckhannon Sewerage System Refunding Revenue
Bonds, Series 2009 A

Ladies and Gentlemen:

The undersigned, Russell R. Akers, II, of Branch Banking and Trust Company (the "Purchaser"), on behalf of the Purchaser in connection with its purchase of the \$[2,200,000] aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), issued by The City of Buckhannon, West Virginia (the "Issuer"), on the date hereof, pursuant to a 2009 A Bond Authorizing Ordinance adopted on March 5, 2009, as supplemented on April 16, 2009 (the "Ordinance"; capitalized terms used and not otherwise defined in this letter have the respective meanings given them in the Ordinance), hereby makes the following representations and warranties to you that:

1. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by our purchase of the Bonds, and our net worth and available assets are such that we are able to bear the economic risk of our purchase of the Bonds.

2. We understand that the entire principal of and interest on the Bonds are payable by the Issuer solely from and secured by a lien on the Net Revenues derived from the System; that the Bonds are special and limited obligations of the Issuer and are not general obligations or secured by any obligation or pledge of any monies received or to be received by the Issuer other than the Net Revenues; and that the Bonds do not now and shall never constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation.

Governmental Finance

501 Tennessee Avenue

Established 1892

(304) 353-1635

Fax (304) 353-1635

3. We understand that there has been no reserve account established for the Bonds and hereby waive any statutory or other right to a reserve account. Specifically, we understand and agree that we have no lien on or access to the funds in the reserve account established for the Prior Bonds.

4. We understand that no official statement, prospectus, offering circular or other offering statement containing material information with respect to the Issuer, the Sanitary Board, the System or the Bonds is being issued, that the Bonds are unrated, and that in due diligence, we have made our own inquiry and analysis with respect to the Issuer, the Sanitary Board, the System the Bonds and the security therefor, and other material factors affecting the security for and payment of the Bonds, and are relying solely on such inquiry and analysis in our purchase of the Bonds.

5. We acknowledge that during the course of the transaction and prior to the sale of the Bonds, we have requested or have had access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the Sanitary Board, the System, the Bonds and the security therefor, so that, as a reasonable investor, we have been able to make our decision to purchase the Bonds. No such information requested by us has been denied to us.

6. Because of our experience in financial and business matters, we feel that we are qualified to make the inquiry and analysis described in paragraph 4 and to understand fully the effect of the information described in paragraphs 2 and 3 and the documents and information described in paragraph 5.

7. We understand that the Bonds (a) are not being registered under the Securities Act of 1933, as amended, and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed on any stock or other securities exchange, (c) will carry no rating from any rating service, and (d) may be resold only to purchasers who meet the criteria set forth herein and who, as a condition to such purchase, deliver an executed letter substantially in the form hereof to Jackson Kelly PLLC, Charleston, West Virginia.

April 23, 2009

Page 3

Governmental Finance

501 Tennessee Avenue
Charleston, WV 25302

(304) 353-1635

Fax (304) 340-4702

8. We are purchasing the Bonds for investment in our own account and do not intend to divide the Bonds purchased by us or to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder and as provided above.

9. The Bonds, the Ordinance and the other certificates, opinions and documents delivered in connection with the issuance of the Bonds contain such terms and are in such form that are acceptable to the Purchaser.

10. We have had the opportunity to consult with and be advised by legal counsel as to the significance of this letter and we have satisfied ourselves that the Bonds are a lawful investment for us under all applicable laws.

Very truly yours,

BRANCH BANKING AND TRUST COMPANY

By

Its

Russell R. O'Brien
Vice President

THIS BOND IS TRANSFERABLE ONLY IN ACCORDANCE WITH
THE REQUIREMENTS OF THE ORDINANCE DESCRIBED BELOW

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2009 A

INTEREST RATE: 4.23%

DATE: October 1, 2025

BOND DATE: April 23, 2009

REGISTERED OWNER: Branch Banking and Trust Company

AMOUNT: TWO MILLION FOUR THOUSAND SIX HUNDRED
EIGHT DOLLARS (\$2,004,608)

KNOW ALL MEN BY THESE PRESENTS THAT THE CITY OF BUCKHANNON, (hereinafter called the "Issuer"), for value received, promises to pay to the order of Branch Banking and Trust Company (the "Purchaser"), or its registered assigns but solely from the sources and in the manner hereinafter provided, the principal sum of TWO MILLION FOUR THOUSAND SIX HUNDRED EIGHT DOLLARS (\$2,004,608), in lawful money of the United States of America, together with interest on the unpaid principal balance thereof from the Bond Date set forth above until paid, as follows:

The Bonds shall be subject to payment of principal and interest on the first day of each month, beginning June 1, 2009, in accordance with the schedule attached as Exhibit A hereto and incorporated herein by reference and shall finally mature on October 1, 2025, on which date all unpaid principal and accrued interest on the Bonds shall be paid. The principal of and interest on this Bond are payable in lawful money of the United States of America without deduction for the services of the Paying Agent.

Notwithstanding any other provision of this Bond or the Ordinance to the contrary, in the event of a Determination of Taxability, the rate of interest on the Bonds shall be equal to the Taxable Rate. Interest at the Taxable Rate shall commence to accrue on the date upon which a Determination of Taxability becomes effective, and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includable in gross

income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability and any interest being past due by reason of such increase shall become immediately due and payable; further, the present or former owners of the Bonds shall be entitled to payment, on demand, of any Special Charges. Special Charges means (a) an amount equal to any penalties or interest paid to the Internal Revenue Service or to the State by the present and former owners of the Bonds resulting from the failure to include interest on the Bonds in their gross income for purposes of determining their federal income tax or State income tax, plus any tax payable by them as a consequence of the receipt of such amount; plus (b) an amount equal to all reasonable administrative, out-of-pocket and other expenses, including legal fees and costs, incurred by the present and former holders which are directly or indirectly attributable to interest on the Bonds becoming subject to federal or State income tax as a result of the failure to include interest on the Bonds in their gross income for purposes of determining their federal or State income tax, including, without limitation, costs incurred by the present and former Bondholders in amending their federal or State tax returns.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a prepayment premium of one percent (1%) of the principal balance.

THE BONDS SHALL HAVE A LIEN ON THE NET REVENUES OF THE SYSTEM THAT IS ON A PARITY WITH RESPECT TO THE LIEN ON THE NET REVENUES OF THE PRIOR BONDS. THE BONDS ARE NOT SECURED BY A RESERVE ACCOUNT.

This Bond is issued with the intent that the laws of the State of West Virginia shall govern its construction. This Bond constitutes the entire issuance of an authorized issue of Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), issued in the aggregate principal amount of \$2,004,608 pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), for the purpose of financing a portion of the cost of the current refunding of the Series 1996 A Bonds and the cost of issuance thereof. The Bonds are issued under and are equally and ratably secured by and entitled to the protection of the Refunding Bond Ordinance enacted by the Issuer on March 5, 2009, as supplemented on April 16, 2009 (the "Ordinance").

An executed counterpart of the Ordinance is on file at the office of said Issuer. The Ordinance contains provisions for the issuance of Parity Bonds. Reference is hereby made to the Prior Ordinance, the Ordinance and Supplemental Resolutions supplemental thereto for the provisions, among others, with respect to the custody and application of the proceeds of the Bonds, the collection and disposition of revenues, the special subaccounts and revenues charged with and pledged to the payment of the principal of and interest on the Bonds, the nature and extent of the security, the terms and conditions under which the Bonds are issued, the terms and conditions under which Additional

Bonds may be issued, the rights, duties and obligations of the Issuer, and the rights of the holders of the Bonds, and, by the acceptance of this Bond, the holder hereof assents to all the provisions of the Ordinance.

This Bond is transferable only to certain qualified purchasers as described in the Ordinance. Assuming those qualifications are met, this Bond is transferable by the Registered Owner hereof in person or by its attorney duly authorized in writing at the principal office of the Registrar but only in the manner, subject to the limitations and upon payment of the charges provided in the Ordinance, and upon surrender and cancellation of this bond. Upon such transfer a new bond or bonds of the same series, interest rate, maturity or maturities and of authorized denomination or denominations, for the same aggregate principal amount, will be issued to the transferee in exchange therefor.

The Issuer and Paying Agent may deem and treat the Registered Owner of this Bond as the absolute owner hereof (whether or not this Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the Issuer nor the Paying Agent shall be affected by any notice to the contrary.

The Bonds may, at the option of the Registered Owner thereof, upon the surrender thereof at the principal office of the Registrar with a written instrument of transfer, in form and with guarantee of signature satisfactory to the Registrar, duly executed by the Registered Owner or its duly authorized attorney, be exchanged for an equal aggregate principal amount of fully registered bonds of the same series, maturity and interest rate of any other authorized denomination.

The Bonds are limited, special obligations of the Issuer and are payable solely out of the money payable under the Ordinance, and the Issuer shall not be obligated to pay the Bonds or the interest thereon, except from the special fund provided from the Net Revenues of the System, as described in the Ordinance. The Bonds shall not constitute a general obligation of the Issuer or an indebtedness of the Issuer within the meaning of the Constitution of the State. Under the Ordinance, the Issuer must pay the Paying Agent such payments as will be fully sufficient to pay the principal of and interest on the Bonds, as the same come due.

The Registered Owner of the Bond shall have no right to enforce the provisions of the Ordinance or to institute any action to enforce the covenants therein, or to take any action with respect to any event of default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. In certain events, on the conditions, in the manner and with the effect set forth in the Ordinance, the principal of all the bonds issued under the Ordinance and then outstanding may become or may be declared due and payable before the stated maturity thereof together with interest accrued thereon. Modifications or alterations of the Ordinance, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Ordinance.

Under the Act, this Bond and the interest hereon are exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

This Bond has been designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations during the calendar year 2009 (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified Section 501(c)(3) bonds, as defined in Section 145 of the Code, and certain refunding bonds, as described in Section 265(b)(3)(D)(ii) of the Code), and the Issuer has designated the Bonds as "qualified tax-exempt obligations," as defined in Section 265(b)(3)(B) of the Code.

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 Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the 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 as applicable to the Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts and conditions necessary to be done or performed by the Issuer or to have happened precedent to and in the issuance of this Bond in order to make this Bond a legal, valid and binding special obligation of the Issuer in accordance with its terms, and precedent to and in the execution and delivery of the Ordinance, have happened and have been performed in regular and due form as required by law; that this Bond does not exceed or violate any constitutional or statutory limitation and that a sufficient amount of money has been pledged to and will be set aside into the Sinking Fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication appearing hereon shall have been duly and manually executed by the Registrar.

IN WITNESS WHEREOF, THE CITY OF BUCKHANNON has caused this Bond to be executed in its name by the manual signature of its Mayor and its seal to be hereunto impressed or imprinted hereon and attested by the manual signature of its City Recorder, all as of the date set forth above.

THE CITY OF BUCKHANNON

(SEAL)

By: Kenneth T. Davis
Mayor

By: Harry C. Shobe
City Recorder

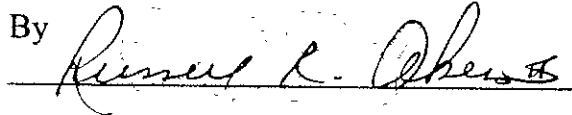
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance.

Date of Authentication: April 23, 2009

BRANCH BANKING AND TRUST
COMPANY, AS REGISTRAR

By

A handwritten signature in cursive script, appearing to read "Remy L. O'Brien", is written over a horizontal line.

Its Authorized Officer

EXHIBIT A
PAYMENT SCHEDULE

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
06/01/09	\$5,187.75	4.230%	\$8,950.57	\$14,138.32	\$14,075.44
07/01/09	7,097.01	4.230%	7,047.96	14,144.97	14,032.60
08/01/09	7,122.03	4.230%	7,022.94	14,144.97	13,983.31
09/01/09	7,147.14	4.230%	6,997.83	14,144.97	13,934.19
10/01/09	7,172.33	4.230%	6,972.64	14,144.97	13,885.25
11/01/09	7,197.61	4.230%	6,947.36	14,144.97	13,836.47
12/01/09	7,222.98	4.230%	6,921.99	14,144.97	13,787.87
01/01/10	7,248.44	4.230%	6,896.53	14,144.97	13,739.44
02/01/10	7,274.00	4.230%	6,870.97	14,144.97	13,691.18
03/01/10	7,299.64	4.230%	6,845.33	14,144.97	13,643.09
04/01/10	7,325.37	4.230%	6,819.60	14,144.97	13,595.16
05/01/10	7,351.19	4.230%	6,793.78	14,144.97	13,547.41
06/01/10	7,377.10	4.230%	6,767.87	14,144.97	13,499.82
07/01/10	7,403.11	4.230%	6,741.86	14,144.97	13,452.40
08/01/10	7,429.20	4.230%	6,715.77	14,144.97	13,405.15
09/01/10	7,455.39	4.230%	6,689.58	14,144.97	13,358.06
10/01/10	7,481.67	4.230%	6,663.30	14,144.97	13,311.14
11/01/10	7,508.04	4.230%	6,636.93	14,144.97	13,264.39
12/01/10	7,534.51	4.230%	6,610.46	14,144.97	13,217.79
01/01/11	7,561.07	4.230%	6,583.90	14,144.97	13,171.37
02/01/11	7,587.72	4.230%	6,557.25	14,144.97	13,125.10
03/01/11	7,614.47	4.230%	6,530.50	14,144.97	13,079.00
04/01/11	7,641.31	4.230%	6,503.66	14,144.97	13,033.06
05/01/11	7,668.24	4.230%	6,476.73	14,144.97	12,987.28
06/01/11	7,695.28	4.230%	6,449.69	14,144.97	12,941.66
07/01/11	7,722.40	4.230%	6,422.57	14,144.97	12,896.20
08/01/11	7,749.62	4.230%	6,395.35	14,144.97	12,850.90
09/01/11	7,776.94	4.230%	6,368.03	14,144.97	12,805.76
10/01/11	7,804.35	4.230%	6,340.62	14,144.97	12,760.78
11/01/11	7,831.86	4.230%	6,313.11	14,144.97	12,715.95
12/01/11	7,859.47	4.230%	6,285.50	14,144.97	12,671.29
01/01/12	7,887.18	4.230%	6,257.79	14,144.97	12,626.78
02/01/12	7,914.98	4.230%	6,229.99	14,144.97	12,582.43
03/01/12	7,942.88	4.230%	6,202.09	14,144.97	12,538.23
04/01/12	7,970.88	4.230%	6,174.09	14,144.97	12,494.19
05/01/12	7,998.97	4.230%	6,146.00	14,144.97	12,450.30
06/01/12	8,027.17	4.230%	6,117.80	14,144.97	12,406.57
07/01/12	8,055.47	4.230%	6,089.50	14,144.97	12,362.99
08/01/12	8,083.86	4.230%	6,061.11	14,144.97	12,319.56
09/01/12	8,112.36	4.230%	6,032.61	14,144.97	12,276.29

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/12	8,140.95	4.230%	6,004.02	14,144.97	12,233.17
11/01/12	8,169.65	4.230%	5,975.32	14,144.97	12,190.20
12/01/12	8,198.45	4.230%	5,946.52	14,144.97	12,147.38
01/01/13	8,227.35	4.230%	5,917.62	14,144.97	12,104.71
02/01/13	8,256.35	4.230%	5,888.62	14,144.97	12,062.19
03/01/13	8,285.45	4.230%	5,859.52	14,144.97	12,019.82
04/01/13	8,314.66	4.230%	5,830.31	14,144.97	11,977.60
05/01/13	8,343.97	4.230%	5,801.00	14,144.97	11,935.53
06/01/13	8,373.38	4.230%	5,771.59	14,144.97	11,893.60
07/01/13	8,402.90	4.230%	5,742.07	14,144.97	11,851.82
08/01/13	8,432.52	4.230%	5,712.45	14,144.97	11,810.19
09/01/13	8,462.24	4.230%	5,682.73	14,144.97	11,768.71
10/01/13	8,492.07	4.230%	5,652.90	14,144.97	11,727.37
11/01/13	8,522.01	4.230%	5,622.96	14,144.97	11,686.18
12/01/13	8,552.05	4.230%	5,592.92	14,144.97	11,645.13
01/01/14	8,582.19	4.230%	5,562.78	14,144.97	11,604.22
02/01/14	8,612.44	4.230%	5,532.53	14,144.97	11,563.46
03/01/14	8,642.80	4.230%	5,502.17	14,144.97	11,522.85
04/01/14	8,673.27	4.230%	5,471.70	14,144.97	11,482.37
05/01/14	8,703.84	4.230%	5,441.13	14,144.97	11,442.04
06/01/14	8,734.52	4.230%	5,410.45	14,144.97	11,401.85
07/01/14	8,765.31	4.230%	5,379.66	14,144.97	11,361.80
08/01/14	8,796.21	4.230%	5,348.76	14,144.97	11,321.89
09/01/14	8,827.22	4.230%	5,317.75	14,144.97	11,282.12
10/01/14	8,858.33	4.230%	5,286.64	14,144.97	11,242.49
11/01/14	8,889.56	4.230%	5,255.41	14,144.97	11,203.00
12/01/14	8,920.89	4.230%	5,224.08	14,144.97	11,163.65
01/01/15	8,952.34	4.230%	5,192.63	14,144.97	11,124.43
02/01/15	8,983.90	4.230%	5,161.07	14,144.97	11,085.36
03/01/15	9,015.57	4.230%	5,129.40	14,144.97	11,046.42
04/01/15	9,047.35	4.230%	5,097.62	14,144.97	11,007.62
05/01/15	9,079.24	4.230%	5,065.73	14,144.97	10,968.95
06/01/15	9,111.24	4.230%	5,033.73	14,144.97	10,930.42
07/01/15	9,143.36	4.230%	5,001.61	14,144.97	10,892.03
08/01/15	9,175.59	4.230%	4,969.38	14,144.97	10,853.77
09/01/15	9,207.93	4.230%	4,937.04	14,144.97	10,815.64
10/01/15	9,240.39	4.230%	4,904.58	14,144.97	10,777.65
11/01/15	9,272.96	4.230%	4,872.01	14,144.97	10,739.80
12/01/15	9,305.65	4.230%	4,839.32	14,144.97	10,702.07
01/01/16	9,338.45	4.230%	4,806.52	14,144.97	10,664.48
02/01/16	9,371.37	4.230%	4,773.60	14,144.97	10,627.02
03/01/16	9,404.41	4.230%	4,740.56	14,144.97	10,589.69

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/16	9,437.56	4.230%	4,707.41	14,144.97	10,552.49
05/01/16	9,470.82	4.230%	4,674.15	14,144.97	10,515.43
06/01/16	9,504.21	4.230%	4,640.76	14,144.97	10,478.49
07/01/16	9,537.71	4.230%	4,607.26	14,144.97	10,441.68
08/01/16	9,571.33	4.230%	4,573.64	14,144.97	10,405.01
09/01/16	9,605.07	4.230%	4,539.90	14,144.97	10,368.46
10/01/16	9,638.93	4.230%	4,506.04	14,144.97	10,332.04
11/01/16	9,672.90	4.230%	4,472.07	14,144.97	10,295.74
12/01/16	9,707.00	4.230%	4,437.97	14,144.97	10,259.58
01/01/17	9,741.22	4.230%	4,403.75	14,144.97	10,223.54
02/01/17	9,775.56	4.230%	4,369.41	14,144.97	10,187.63
03/01/17	9,810.02	4.230%	4,334.95	14,144.97	10,151.85
04/01/17	9,844.60	4.230%	4,300.37	14,144.97	10,116.19
05/01/17	9,879.30	4.230%	4,265.67	14,144.97	10,080.65
06/01/17	9,914.12	4.230%	4,230.85	14,144.97	10,045.24
07/01/17	9,949.07	4.230%	4,195.90	14,144.97	10,009.96
08/01/17	9,984.14	4.230%	4,160.83	14,144.97	9,974.80
09/01/17	10,019.33	4.230%	4,125.64	14,144.97	9,939.76
10/01/17	10,054.65	4.230%	4,090.32	14,144.97	9,904.85
11/01/17	10,090.10	4.230%	4,054.87	14,144.97	9,870.05
12/01/17	10,125.66	4.230%	4,019.31	14,144.97	9,835.38
01/01/18	10,161.36	4.230%	3,983.61	14,144.97	9,800.84
02/01/18	10,197.17	4.230%	3,947.80	14,144.97	9,766.41
03/01/18	10,233.12	4.230%	3,911.85	14,144.97	9,732.11
04/01/18	10,269.19	4.230%	3,875.78	14,144.97	9,697.92
05/01/18	10,305.39	4.230%	3,839.58	14,144.97	9,663.86
06/01/18	10,341.72	4.230%	3,803.25	14,144.97	9,629.91
07/01/18	10,378.17	4.230%	3,766.80	14,144.97	9,596.08
08/01/18	10,414.75	4.230%	3,730.22	14,144.97	9,562.38
09/01/18	10,451.47	4.230%	3,693.50	14,144.97	9,528.79
10/01/18	10,488.31	4.230%	3,656.66	14,144.97	9,495.32
11/01/18	10,525.28	4.230%	3,619.69	14,144.97	9,461.96
12/01/18	10,562.38	4.230%	3,582.59	14,144.97	9,428.73
01/01/19	10,599.61	4.230%	3,545.36	14,144.97	9,395.61
02/01/19	10,636.98	4.230%	3,507.99	14,144.97	9,362.61
03/01/19	10,674.47	4.230%	3,470.50	14,144.97	9,329.72
04/01/19	10,712.10	4.230%	3,432.87	14,144.97	9,296.95
05/01/19	10,749.86	4.230%	3,395.11	14,144.97	9,264.29
06/01/19	10,787.75	4.230%	3,357.22	14,144.97	9,231.75
07/01/19	10,825.78	4.230%	3,319.19	14,144.97	9,199.32
08/01/19	10,863.94	4.230%	3,281.03	14,144.97	9,167.01
09/01/19	10,902.24	4.230%	3,242.73	14,144.97	9,134.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/19	10,940.67	4.230%	3,204.30	14,144.97	9,102.72
11/01/19	10,979.23	4.230%	3,165.74	14,144.97	9,070.75
12/01/19	11,017.93	4.230%	3,127.04	14,144.97	9,038.89
01/01/20	11,056.77	4.230%	3,088.20	14,144.97	9,007.14
02/01/20	11,095.75	4.230%	3,049.22	14,144.97	8,975.50
03/01/20	11,134.86	4.230%	3,010.11	14,144.97	8,943.97
04/01/20	11,174.11	4.230%	2,970.86	14,144.97	8,912.55
05/01/20	11,213.50	4.230%	2,931.47	14,144.97	8,881.25
06/01/20	11,253.03	4.230%	2,891.94	14,144.97	8,850.05
07/01/20	11,292.69	4.230%	2,852.28	14,144.97	8,818.96
08/01/20	11,332.50	4.230%	2,812.47	14,144.97	8,787.99
09/01/20	11,372.45	4.230%	2,772.52	14,144.97	8,757.12
10/01/20	11,412.54	4.230%	2,732.43	14,144.97	8,726.36
11/01/20	11,452.76	4.230%	2,692.21	14,144.97	8,695.71
12/01/20	11,493.14	4.230%	2,651.83	14,144.97	8,665.16
01/01/21	11,533.65	4.230%	2,611.32	14,144.97	8,634.72
02/01/21	11,574.30	4.230%	2,570.67	14,144.97	8,604.39
03/01/21	11,615.10	4.230%	2,529.87	14,144.97	8,574.17
04/01/21	11,656.05	4.230%	2,488.92	14,144.97	8,544.05
05/01/21	11,697.13	4.230%	2,447.84	14,144.97	8,514.04
06/01/21	11,738.37	4.230%	2,406.60	14,144.97	8,484.13
07/01/21	11,779.75	4.230%	2,365.22	14,144.97	8,454.33
08/01/21	11,821.27	4.230%	2,323.70	14,144.97	8,424.64
09/01/21	11,862.94	4.230%	2,282.03	14,144.97	8,395.04
10/01/21	11,904.76	4.230%	2,240.21	14,144.97	8,365.56
11/01/21	11,946.72	4.230%	2,198.25	14,144.97	8,336.17
12/01/21	11,988.83	4.230%	2,156.14	14,144.97	8,306.89
01/01/22	12,031.09	4.230%	2,113.88	14,144.97	8,277.71
02/01/22	12,073.50	4.230%	2,071.47	14,144.97	8,248.63
03/01/22	12,116.06	4.230%	2,028.91	14,144.97	8,219.66
04/01/22	12,158.77	4.230%	1,986.20	14,144.97	8,190.79
05/01/22	12,201.63	4.230%	1,943.34	14,144.97	8,162.02
06/01/22	12,244.64	4.230%	1,900.33	14,144.97	8,133.35
07/01/22	12,287.80	4.230%	1,857.17	14,144.97	8,104.78
08/01/22	12,331.12	4.230%	1,813.85	14,144.97	8,076.31
09/01/22	12,374.58	4.230%	1,770.39	14,144.97	8,047.94
10/01/22	12,418.21	4.230%	1,726.76	14,144.97	8,019.67
11/01/22	12,461.98	4.230%	1,682.99	14,144.97	7,991.50
12/01/22	12,505.91	4.230%	1,639.06	14,144.97	7,963.43
01/01/23	12,549.99	4.230%	1,594.98	14,144.97	7,935.46
02/01/23	12,594.23	4.230%	1,550.74	14,144.97	7,907.58
03/01/23	12,638.62	4.230%	1,506.35	14,144.97	7,879.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/23	12,683.18	4.230%	1,461.79	14,144.97	7,852.13
05/01/23	12,727.88	4.230%	1,417.09	14,144.97	7,824.55
06/01/23	12,772.75	4.230%	1,372.22	14,144.97	7,797.06
07/01/23	12,817.77	4.230%	1,327.20	14,144.97	7,769.68
08/01/23	12,862.96	4.230%	1,282.01	14,144.97	7,742.38
09/01/23	12,908.30	4.230%	1,236.67	14,144.97	7,715.19
10/01/23	12,953.80	4.230%	1,191.17	14,144.97	7,688.09
11/01/23	12,999.46	4.230%	1,145.51	14,144.97	7,661.08
12/01/23	13,045.29	4.230%	1,099.68	14,144.97	7,634.17
01/01/24	13,091.27	4.230%	1,053.70	14,144.97	7,607.36
02/01/24	13,137.42	4.230%	1,007.55	14,144.97	7,580.64
03/01/24	13,183.73	4.230%	961.24	14,144.97	7,554.01
04/01/24	13,230.20	4.230%	914.77	14,144.97	7,527.47
05/01/24	13,276.84	4.230%	868.13	14,144.97	7,501.03
06/01/24	13,323.64	4.230%	821.33	14,144.97	7,474.68
07/01/24	13,370.60	4.230%	774.37	14,144.97	7,448.43
08/01/24	13,417.73	4.230%	727.24	14,144.97	7,422.27
09/01/24	13,465.03	4.230%	679.94	14,144.97	7,396.19
10/01/24	13,512.49	4.230%	632.48	14,144.97	7,370.21
11/01/24	13,560.13	4.230%	584.84	14,144.97	7,344.33
12/01/24	13,607.93	4.230%	537.04	14,144.97	7,318.53
01/01/25	13,655.89	4.230%	489.08	14,144.97	7,292.82
02/01/25	13,704.03	4.230%	440.94	14,144.97	7,267.20
03/01/25	13,752.34	4.230%	392.63	14,144.97	7,241.68
04/01/25	13,800.81	4.230%	344.16	14,144.97	7,216.24
05/01/25	13,849.46	4.230%	295.51	14,144.97	7,190.89
06/01/25	13,898.28	4.230%	246.69	14,144.97	7,165.63
07/01/25	13,947.27	4.230%	197.70	14,144.97	7,140.46
08/01/25	13,996.44	4.230%	148.53	14,144.97	7,115.38
09/01/25	14,045.77	4.230%	99.20	14,144.97	7,090.39
10/01/25	14,094.72	4.230%	49.68	14,144.40	7,065.20
	<u>\$2,004,608.00</u>		<u>\$781,943.87</u>	<u>\$2,786,551.87</u>	<u>\$2,004,608.00</u>
			Principal Amount of the Bonds		<u>\$2,004,608.00</u>

BOND REGISTER

3.5

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A

<u>Bond Number</u>	<u>Principal Amount</u>	<u>Date of Bond</u>
No. AR-1	\$2,004,608	April 23, 2009

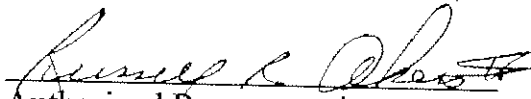
NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

Branch Banking and Trust Company
5130 Parkway Plaza
Building 9
Charlotte, NC 28217

Signature of Registrar:

Branch Banking and Trust Company
5130 Parkway Plaza
Building 9
Charlotte, NC 28217


Authorized Representative

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

3.6

REQUEST AND AUTHORIZATION TO
AUTHENTICATE AND DELIVER THE BONDS

April 23, 2009

Branch Banking and Trust Company
5130 Parkway Plaza
Building 9
Charlotte, NC 28217

Ladies and Gentlemen:

We herewith hand to you, duly executed, the \$2,004,608 Sewerage System Refunding Revenue Bonds, Series 2009 A, in the form of one bond, numbered AR-1, dated April 23, 2009 (the "Bonds"), of The City of Buckhannon (the "Issuer"), authorized to be issued under and pursuant to a 2009 A Bond Authorizing Ordinance duly adopted by the Issuer on March 5, 2009, effective 30 days thereafter and after the public hearing thereon, and a Supplemental Resolution duly adopted by the Issuer on April 16, 2009.

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Issuer to the Branch Banking and Trust Company.

[The remainder of this page is intentionally blank.]

THE CITY OF BUCKHANNON

Kenneth T. Davidson

Mayor

(SEAL)

Attest:

Theresa L. Dole

Recorder

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated the 23rd day of April, 2009, by and between THE CITY OF BUCKHANNON, a municipal corporation (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, a North Carolina state-chartered bank with offices in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$2,004,608 Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), in the form of one bond, numbered AR-2, in fully registered form, pursuant to a Series 2009 A Refunding Bond Ordinance duly adopted by the Issuer on March 5, 2009, effective 30 days thereafter, and a Supplemental Resolution duly adopted April 16, 2009 (collectively, the "Ordinance");

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 Ordinance, a copy of which is attached as Exhibit A hereto and incorporated herein by reference;

WHEREAS, the Ordinance provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Ordinance 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 Ordinance, 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 exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, 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 Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance 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 Ordinance 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 address:

ISSUER:

The City of Buckhannon
70 East Main Street
Buckhannon, WV 26201
Attention: Mayor

REGISTRAR:

Branch Banking and Trust Company
5130 Parkway Plaza
Building 9
Charlotte, NC 28217
Attention: Russell R. Akers, II

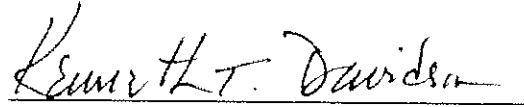
The Issuer and the Registrar shall notify the other in writing of any change of address.

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

[The remainder of this page is intentionally blank.]

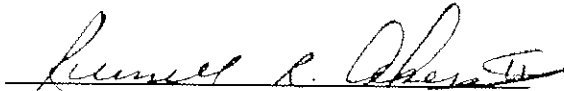
IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the date first above-written.

THE CITY OF BUCKHANNON

A handwritten signature in cursive script, appearing to read "Kenneth L. Davidson", written over a horizontal line.

Mayor

BRANCH BANKING AND TRUST COMPANY

A handwritten signature in cursive script, appearing to read "Kenneth L. Davidson", written over a horizontal line.

Authorized Officer

EXHIBIT A

See Bond Ordinance (Document No. 2.2, Index No. 7)
See Supplemental Resolution (Document No. 2.4, Index No. 9)

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

REGISTRAR'S CERTIFICATE

Branch Banking and Trust Company, Charlotte, North Carolina, (the "Bank"), as Registrar for the above-captioned Bonds (the "Series 2009 A Bonds"), hereby certifies as follows, all capitalized terms used herein have the same meanings set forth in the Series 2009 A Refunding Bond Ordinance of The City of Buckhannon (the "Issuer") adopted by the City Council of the Issuer on March 5, 2009, effective 30 days thereafter, as supplemented by a Supplemental Resolution adopted on April 16, 2009 (collectively, the "Ordinance"):

1. The Bank is a North Carolina state-chartered bank, duly organized, validly existing, and in good standing under the laws of the State of North Carolina, is duly authorized to and may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacities of Registrar under the Ordinance.

2. The Bank has duly authorized, by all necessary action, the authentication of the Series 2009 A Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Ordinance, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Series 2009 A Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank, such person, in his or her official capacity, was and is authorized to authenticate the Series 2009 A Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name

Title

Signature

Russell R. Akers, II

Vice President



5. There have been filed with the Bank all of the documents listed in the Ordinance and the Series 2009 A Bonds have been duly authenticated and delivered

to the Purchaser, and proceeds of the Series 2009 A Bonds have been deposited as required by the Ordinance.

WITNESS my signature on this 23rd day of April, 2009.

BRANCH BANKING AND TRUST COMPANY

By: Philip Wendling

Its: Asst Vice-President

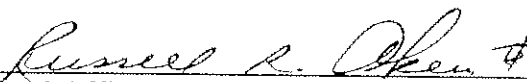
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

CERTIFICATE OF REGISTRATION OF BONDS

BRANCH BANKING AND TRUST COMPANY, Charlotte, North Carolina, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Refunding Revenue Bonds, Series 2009 A, of The City of Buckhannon (the "Issuer"), dated April 23, 2009, in the principal amount of \$2,004,608, and numbered AR-1, was registered as to principal and interest in the name of "Branch Banking and Trust Company" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 23rd day of April, 2009.

BRANCH BANKING AND TRUST COMPANY, as
Registrar



Authorized Officer

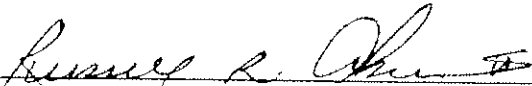
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

BRANCH BANKING AND TRUST COMPANY, Charlotte, North Carolina, hereby accepts appointment as Depository Bank in connection with the Series 2009 A Refunding Bond Ordinance of The City of Buckhannon (the "Issuer"), adopted by the City Council of the Issuer on March 5, 2009, effective 30 days thereafter, and a Supplemental Resolution adopted by the City Council of the Issuer on April 16, 2009 (collectively, the "Ordinance"), authorizing the issuance of The City of Buckhannon Sewerage System Refunding Revenue Bonds, Series 2009 A, in the aggregate principal amount of \$2,004,608, dated April 23, 2009, and agrees to serve as Depository Bank, all as set forth in the Ordinance.

Witness my signature on this 23rd day of April, 2009.

BRANCH BANKING AND TRUST COMPANY



Authorized Officer

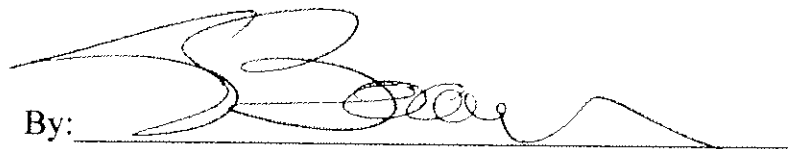
THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

ACCEPTANCE BY MUNICIPAL BOND COMMISSION

The undersigned, on behalf of the West Virginia Municipal Bond Commission (the "Commission"), hereby acknowledges that she has received a copy of the Series 2009 A Refunding Bond Ordinance adopted by the City Council of The City of Buckhannon (the "Issuer") on March 5, 2009, effective 30 days thereafter, as supplemented by a resolution adopted on April 16, 2009 (collectively, the "Bond Ordinance"), regarding, among other things, the above-referenced bonds (the "Bonds"). The undersigned hereby accepts the duties and obligations imposed upon the Commission by the Bond Ordinance, including but not limited to those regarding investment of moneys in the sinking funds, and by the Certificate as to Arbitrage certified by the Issuer with respect to the Bonds.

WITNESS my signature as of this 23rd day of April, 2009.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: 
Its: Executive Director

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2009 A

TAX COMPLIANCE CERTIFICATE

The undersigned Mayor of The City of Buckhannon (the "Issuer"), being an official of the Issuer duly charged with the responsibility for the issuance of the Sewerage System Refunding Revenue Bonds, Series 2009 A, dated April 23, 2009 (the "Bonds"), hereby certifies as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance adopted on March 5, 2009, effective 30 days thereafter, as supplemented by a Supplemental Resolution adopted on April 16, 2009 (collectively, the "Ordinance"), pursuant to which the Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such meanings required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the same meaning set forth in the Ordinance.

"Bona Fide Debt Service Fund" means a fund, which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

"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.

"Code" means the Internal Revenue Code of 1986, as amended and the Regulations promulgated thereunder.

"Computation Date" means each date on which the Rebate Amount for the Bonds is computed under Section 1.148-3(e) of the Regulations.

"Computation Date Credit" means \$1,000 for each Bond Year during which there are Gross Proceeds subject to rebate, or such other amount as may then be permitted by the Regulations.

"Computation Period" means the period between computation dates. The first computation period begins on the issue date and ends on the first computation date. Each succeeding computation period begins on the date immediately following the computation date and ends on the next computation date.

"Cost of Issuance" means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, issuance costs include the following costs but only to the extent incurred in connection with, and allocable to, the borrowing: counsel fees; financial advisory fees; paying agent fees; bond registrar, certification, and authentication fees; accounting fees; engineering and feasibility study costs; guarantee fees, other than for qualified guarantees (as defined in Section 1.148-4(f) of the Regulations); and similar costs.

"Date of Issue" means April 23, 2009.

"Discharged" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment for such Bond and no interest accrues with respect to such Bond after such date.

"Fair Market Value" means fair market value as defined in Section 1.148-5(d)(6) of the Regulations.

"Final Computation Date" means the date on which the last Bond is Discharged.

"Future Value" means the future value of a payment or receipt at the end of any period, determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the yield on the issue, using the same compounding interval and financial conventions used to compute that yield as provided under Section 1.148-3(c) of the Regulations.

"Gross Proceeds" means any Proceeds and Replacement Proceeds of the Bonds, all as defined in the Regulations.

"Investment" means any investment property as defined in Sections 148(b)(2) and 148(b)(3) of the Code and any other tax-exempt bond.

"Investment Proceeds" means any amounts actually or constructively received from investing proceeds of the Bonds.

"Investment Property" means:

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in Section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

"IRS" means the Internal Revenue Service.

"Issue Price" means, with respect to the Bonds, \$2,004.608 (par amount, there being no accrued interest or original issue discount or premium).

"Net Sales Proceeds" means Sale Proceeds, less the portion of those Sale Proceeds, if any, invested in a reasonably required reserve or replacement fund under Section 148(d) of the Code and as part of a minor portion under Section 148(e) of the Code.

"Nonpurpose Investment" means any Investment Property, as defined in Section 148(b) of the Code, that is not a Purpose Investment.

"Payment" means a payment as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in Section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"Proceeds" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of the Bonds. Proceeds do not include, however, amounts actually or constructively received with respect to a Purpose Investment that are properly allocable to the immaterially higher yield under Section 1.148-2(d) of the Regulations or Section 143(g) of the Code or to qualified administrative costs recoverable under Section 1.148-5(e) of the Regulations.

"Purchaser" means Branch Banking and Trust Company, the original purchaser of the Bonds.

"Purpose Investment" means an Investment that is acquired to carry out the governmental purpose for which the Bonds were issued.

"Rebate Amount" means 100% of the amount owed to the United States under Section 148(f)(2) of the Code, as further described in Section 1.148-3 of the Regulations.

"Rebate Analyst" means the entity or person chosen by the Issuer in accordance with Section E(6) hereof to determine the Rebate Amount.

"Rebate Payment Date" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"Receipt" means a receipt as defined in Section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in Section 1.148-5(b) for purposes of computing Yield on an Investment.

"Regulation" or "Regulations" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Bonds.

"Replacement Proceeds" means replacement proceeds as defined in Section 1.148-1(c) of the Regulations.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Bonds, including any amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest. Sale proceeds also include but are not limited to, amounts derived from the sale of a right that is associated with a bond, and that is described in Section 1.148-4(b)(4) of the Regulations.

"Series 1996 A Bonds" means the Issuer's Sewer System Refunding Revenue Bonds, Series 1996 A to be currently refunded by the Bonds.

"Tax-Exempt Bond" means any bond the interest on which is excludable from gross income under Section 103(a) of the Code. For purposes of Section 148 of the Code, tax-exempt bond includes:

(1) An interest in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is interest that is excludable from gross income under Section 103 of the Code; and

(2) A certificate of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 CFR part 344.

"Transferred Proceeds" means transferred proceeds as defined in Section 1.148-9 of the Regulations.

"Value" means value determined under Section 1.148-4(e) of the Regulations for the Bonds, and value determined under Section 1.148-5(d) for an Investment.

"Yield" or **"yield"** means the yield computed under Section 1.148-4 of the Regulations for the Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"Yield Restricted" means required to be invested at a Yield that is not materially higher than the Yield on the Bonds under Section 148(a) of the Code and Section 1.148-2 of the Regulations.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Code. The undersigned officer of the Issuer is charged with the responsibility of issuing the Bonds, is familiar with the facts, circumstances, and estimates herein certified and is duly authorized to execute and deliver this certificate on behalf of the Issuer.

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

3. The Issuer has not been notified by the IRS of any listing or proposed listing of it as an issuer that may not certify its bonds or the certification of which may not be relied upon by holders of obligations of the Issuer or that there is any disqualification of the Issuer by the IRS because a certification made by the Issuer contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 23, 2009, the date on which the Bonds are

to be physically delivered in exchange for the purchase price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Ordinance that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, so that the Bonds will not constitute "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 Bonds) so that the interest on the Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. The Bonds were sold on April 23, 2009, to the Purchaser for a purchase price of \$2,004,608.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing moneys, together with the moneys transferred from the Series 1996 A Bonds sinking fund and reserve account, necessary (i) to currently refund the Series 1996 A Bonds of the Issuer; and (ii) to pay costs of issuance of the Bonds and related costs.

8. The Series 1996 A Bonds were issued for the purpose of providing funds to refund the Sewer Revenue Bonds, Series 1986 A of the Issuer (the "Prior Bonds") with respect to the existing sewerage system of the Issuer.

9. The face amount of the Bonds is \$2,004,608. The sources and uses of the proceeds of the Bonds and the moneys transferred from the Series 1996 A Bonds sinking fund and reserve account in connection with the refunding of the Series 1996 A Bonds are as follows:

Series 2009 A Bonds Sources

Principal Amount of the Series 2009 A Bonds	\$ 2,004,608.00
Transfer from Series 1996 A Bonds Sinking Fund	91,000.00
Transfer from Series 1996 A Bonds Reserve Account	\$ <u>201,135.00</u>
Total Sources	\$ 2,296,743.00

Series 2009 A Bonds Uses

Escrow Fund	\$ 2,206,242.78
Costs of Issuance ¹	<u>90,500.22</u>
Total Uses	\$ 2,296,743.00

C. THE REFUNDING

The Issuer has entered into an Escrow Agreement (the "Escrow Agreement"), dated April 23, 2009, by and between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent. Provision will be made for the payment of the Series 1996 A Bonds by placing into the Escrow Fund established under the Escrow Agreement, cash sufficient to provide for the payment of the redemption price of the Series 1996 A Bonds, being par plus accrued interest, on May 6, 2009.

D. THE BONDS

1. The Purchaser has stated, in its certificate, a copy of which is attached hereto as EXHIBIT A - CERTIFICATE OF PURCHASER (the "Certificate of Purchaser") that the Yield on the Bonds, determined in accordance with Section 1.148-5 of the Regulations, is 4.2674% (the "Bond Yield"), and the weighted average life of the Bonds is 9.2216 years.

2. The Series 2009 A Bonds Sinking Fund (the "Sinking Fund") has been created under the Ordinance. Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys deposited to the Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt service with respect to the Bonds. The Bonds all bear interest at a fixed rate and the average maturity of the Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Bonds within each Bond year. All moneys held in the Sinking Fund will be used to pay debt service on the Bonds. Any Proceeds of the Bonds deposited in the Sinking Fund, including any funds remaining in the Escrow Fund once the Series 1996 A Bonds have been discharged, will be applied to pay interest on the Bonds on the first Interest Payment Date occurring after such funds become available. The Sinking Fund qualifies as Bona Fide Debt Service Funds, and all moneys in the Sinking Fund will be invested without restriction as to yield and are not subject to rebate.

3. The Purchaser has waived the funding of a reserve account for the Bonds. The Bonds shall have no lien on the reserve account held at the West Virginia Municipal Bond Commission for the Series 1996 A Bonds.

4. A Renewal and Replacement Fund, which was created under the prior ordinance for the Series 1996 A Bonds, has been continued by the Bond Ordinance. The Renewal and Replacement Fund is to be funded through monthly deposits of Revenues in an amount equal to 2 1/2% of the Gross Revenues of the System. Absent an Event of Default on the Bonds, the Renewal and Replacement Fund is not expected to be used for the purpose of paying Debt Service on the Bonds. Such moneys will be invested without restriction as to yield and are not subject to rebate.

5. A Costs of Issuance Fund is created under the Ordinance, to be funded from proceeds of the Bonds in the amount of \$90,500.22 to pay costs of issuance. All such amounts shall be fully expended within 60 days from the closing date of the Bonds. Pending such disbursement, such moneys will be invested without restriction as to yield and are not subject to rebate. Such amount includes \$4,250 to pay for the Purchaser's legal expenses and financing fees.

6. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay debt service on the Bonds or which are pledged as collateral to secure repayment of debt service on the Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds.

E. REBATE

1. Arbitrage Compliance. The Issuer acknowledges that the continued exclusion of interest on the Bonds from gross income of the recipients thereof for purposes of federal income taxation depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the rebate requirements described below. The Issuer hereby agrees and covenants that it shall not permit at any time or times any of the Gross Proceeds of the Bonds or other funds of the Issuer to be used, directly or indirectly, to acquire any asset or obligation, the acquisition of which would cause the Bonds to be "arbitrage bonds" for purposes of Section 148 of the Code. The Issuer further agrees and covenants that it shall do and perform all acts and things necessary in order to ensure that the requirements of Section 148 of the Code are met. To that end, the Issuer will take all actions described below with respect to the investment of Gross Proceeds of the Bonds. The procedures set forth below are subject to revision if necessary to comply with any additional rebate requirements of the Code or the Regulations. The Issuer hereby agrees and covenants to take all actions necessary to comply with these requirements.

2. Rebate Fund. (a) Section 148(f) of the Code requires that certain earnings on Nonpurpose Investments allocable to the Gross Proceeds of the Bonds be paid to the United States to prevent the Bonds from being arbitrage bonds. The arbitrage that must be rebated is based on the difference between the amount actually earned on Nonpurpose Investments and the amount that would have been earned if those investments had a Yield equal to the Yield on the Bonds.

(b) The Issuer has created a Rebate Fund (the "Rebate Fund") in the Ordinance with respect to the Bonds.

(c) On or before 45 days following each Computation Date, the Issuer shall deposit in the Rebate Fund, an amount such that the balance held in the Rebate Fund equals the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. The moneys so deposited may be derived from the Issuer's own funds

or from funds or accounts created by the Ordinance (to the extent that such transfers are permitted under the Ordinance), at the option of the Issuer.

3. Calculation of Rebate Amount. For each Computation Date, the Rebate Analyst shall calculate the Rebate Amount by the appropriate method described in the Code and Regulations applicable or which may become applicable to the Bonds.

4. Payment to United States. (a) The first rebate installment payment must be made for a Computation Date that is not later than 5 years after the Date of Issue and subsequent rebate installment payments must be made for a Computation Date that is not later than 5 years after the previous Computation Date for which an installment payment was made, as required under Section 1.148-3(f)(1) of the Regulations.

(b) A rebate installment payment must be in an amount that, when added to the Future Value, as of the Computation Date, of previous rebate payments made for the issue, equals at least 90% of the Rebate Amount as of that date, as required under Section 1.148-3(f)(1) of the Regulations.

(c) For the Final Computation Date, a final rebate payment must be paid in an amount that, when added to the Future Value of previous rebate payments made for the issue, equals 100% of the Rebate Amount as of that date, as required under Section 1.148-3(f)(2) of the Regulations.

(d) Each rebate payment must be paid no later than 60 days after the Computation Date to which the payment relates, as required under Section 1.148-3(g) of the Regulations.

(e) Each rebate payment shall be mailed to the then applicable Internal Revenue Service Center. Each rebate payment shall be accompanied by a properly completed IRS Form 8038-T or other form provided by the IRS for this purpose.

(f) If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate Amount attributable to the Bonds, to the extent that such excess is attributable to amounts provided by the Issuer and not derived from any funds or accounts (other than the Rebate Fund) held under the Ordinance, such excess may be withdrawn from the Rebate Fund and paid to the Issuer. The Issuer may recover any overpayment of rebate in accordance with Section 1.148-3(i) of the Regulations.

5. Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(a) The Issuer shall record all Rebate Amounts paid to the United States.

(b) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(c) The Issuer shall keep and record the data pertaining to the investment of the proceeds of the Bonds until six years after the Final Computation Date.

6. Rebate Analyst. (a) The Issuer shall appoint a Rebate Analyst to perform the rebate calculations as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith. The Issuer hereby agrees to pay the fees of the Rebate Analyst.

7. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amount the Rebate Amount, it will pay the Rebate Amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Amount, it hereby covenants and agrees to pay any penalty required by IRS in lieu of a declaration of taxability on the Bonds.

E. BANK QUALIFIED

The Issuer does not reasonably expect to issue more than \$30,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently refund any obligation of the Issuer) during the calendar year 2009 and in the Ordinance designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The Bonds are the only bonds issued by the Issuer during calendar year 2009.

G. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds and refunding of the Series 1996 A Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the applicable Internal Revenue Service Center.

3. None of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall use the proceeds of the Bonds solely to accomplish the current refunding of the Series 1996 A Bonds and to pay costs of issuance.

6. 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 treatment afforded by Section 103(a) of the Code by reason of 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 the Treasury Regulations promulgated or to be promulgated thereunder.

7. The Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

8. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis. Consistent with State policy and operations of the Escrow Agent, which is a State agency, the funds in the Escrow Fund will be invested in the State Treasurer's governmental money market fund.

9. The Issuer shall comply with the general allocation and accounting rules set forth in Section 1.148-6 of the Regulations and the special arbitrage rules for refunding issues set forth in Section 1.148-9 of the Regulations.

10. No portion of the proceeds of the Bonds will be used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Bonds.

11. In connection with the Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund, other than as specifically identified in this certificate, including, without limitation, any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Bonds or any contract securing the Bonds or any arrangements providing for compensation or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Bonds.

12. The Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code, or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt

obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, that would otherwise be necessary.

13. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Bonds or which will be paid directly or indirectly from proceeds of the sale of the Bonds.

14. Gross Proceeds of the Bonds, other than gross proceeds that are allocable to:

- (a) the payment of principal of, premium, if any, and interest on the Series 1996 A Bonds;
- (b) the payment of the Costs of Issuance of the Bonds;
- (c) the payment of administrative costs allocable to repaying the Series 1996 A Bonds, or carrying and repaying the Bonds, or the reasonable investments of proceeds of the Bonds, if any thereof;
- (d) any transferred proceeds allocable to expenditures for governmental purposes of the Series 1996 A Bonds; and
- (e) amounts deposited in the Sinking Fund (including investment earnings thereon) to pay debt service on the Bonds;

will not exceed 1% of the Sale Proceeds from the Bonds.

15. The issuance of the Bonds will not involve the use of a “device” or an “abusive transaction” within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

16. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

17. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the IRS, if

necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

18. The Issuer has retained the right to amend the Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Bonds from the gross income of the owners thereof.

19. The Issuer shall comply with all yield restrictions on Bond proceeds as set forth in the Code.

20. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

21. The Bonds are a fixed yield issue. No interest or other amount payable on any of the Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

22. Under Section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the Issuer's expectations as of the issue date. In accordance therewith, the undersigned Mayor of the Issuer hereby in good faith certified that the representations and covenants set forth in this certificate constitute the reasonable expectations of the Issuer as of the issue date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in Section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Bonds.

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

24. The Vaughan Law Firm and Jackson Kelly PLLC are entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinion regarding the tax-exempt status of interest on the Bonds.

25. Notwithstanding any other provision hereof, any provision of this certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is

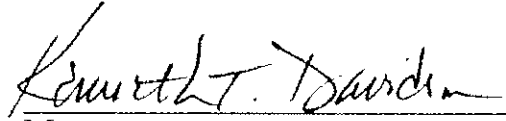
necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Bonds from gross income of the recipients thereof for federal income tax purposes.

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

[The remainder of this page is intentionally blank.]

WITNESS my signature this 23rd day of April, 2009.

THE CITY OF BUCKHANNON



Mayor

EXHIBIT A

CERTIFICATE OF PURCHASER

See Document No. 3.13

THE CITY OF BUCKHANNON

Sewer System Refunding Revenue Bonds, Series 2009 A

CERTIFICATE OF PURCHASER

BRANCH BANKING AND TRUST COMPANY, Charlotte, North Carolina (the "Purchaser"), as original purchaser from The City of Buckhannon, West Virginia (the "Issuer"), of the above-captioned Bonds (the "Bonds"), hereby certifies on this 23rd day of April 2009 that:

1. We are purchasing the Bonds for our own portfolio, and none of the Bonds has been the subject of an initial offering to the public. We do not intend to divide the Bonds purchased by us or to resell or otherwise dispose of all or any part of the Bonds purchased by us, except as permitted by law on a basis of full disclosure to any subsequent holder of the Bonds and subject to applicable securities laws and regulations thereunder.
2. The weighted average maturity of the Bonds is 9.2216 years.
3. The net interest cost of the Bonds is 4.2300%, and the yield, determined in accordance with Section 1.148-5 of the United States Treasury Regulations, is 4.2674%.
4. This certificate may be relied upon by the Issuer with respect to its Certificate as to Arbitrage relating to the Bonds and by the Vaughan Law Firm and Jackson Kelly PLLC in rendering their tax opinion with respect to the Bonds.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, BRANCH BANKING AND TRUST COMPANY has caused this Certificate to be executed by its duly authorized officer, as of the day and year first above written.

BRANCH BANKING AND TRUST COMPANY

By: Russell L. Akers
Its: vice president

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned authorized representative of Branch Banking and Trust Company (the "Purchaser"), for and on behalf of the Purchaser, and the undersigned Mayor of the City of Buckhannon (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 23rd day of April, 2009, in Charleston, West Virginia, the Purchaser received the entire original issue of \$2,004,608 in aggregate principal amount of the Sewerage System Refunding Revenue Bonds, Series 2009 A, of the Issuer, dated April 23, 2009, issued in the form of one bond, fully registered to the Purchaser, and numbered AR-1 (the "Series 2009 A Bonds").

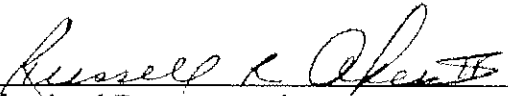
2. At the time of such receipt of the Series 2009 A Bonds, they had been executed by the Mayor of the Issuer and attested by the Recorder of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been impressed upon the Series 2009 A Bonds.

3. On the 23rd day of April, 2009, the Issuer received and hereby acknowledges receipt from the Purchaser, as the original purchaser of the Series 2009 A Bonds, of the proceeds of the Series 2009 A Bonds.

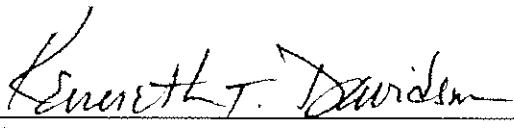
[Remainder of page intentionally left blank.]

WITNESS our signatures on this 23rd day of April, 2009.

BRANCH BANKING AND TRUST COMPANY


Authorized Representative

THE CITY OF BUCKHANNON


Mayor



WEST VIRGINIA

Water Development Authority

Celebrating 34 Years of Service 1974 - 2008

CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2009 A

CONSENT TO ISSUANCE OF PARITY BONDS

In reliance upon the certificate of Richard D. Trent, CPA, A.C., an independent certified public accountant and the opinion of Jackson Kelly PLLC, bond counsel, copies of which are attached, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds (hereinafter defined and described), hereby consents to the issuance of the Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Bonds"), in the original principal amount of \$2,004,608, by the City of Buckhannon (the "Issuer"), under the terms of the Ordinance authorizing the Bonds, on a parity with respect to lien, pledge and source of and security for payment, with the Issuer's Sewerage System Revenue Bonds, Series 1986 B (the "Prior Bonds").

WITNESS my signature this 23rd day of April 2009.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: *Glenn L. Roy*
Its Authorized Representative

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

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 558-3971

3.17

NEW ISSUE REPORT FORM

Date of Report: April 23, 2009

ISSUE: The City of Buckhannon Sewerage System Refunding Revenue Bonds, Series 2009 AADDRESS: 70 East Main Street, Buckhannon, WV 26201 COUNTY: UpshurPURPOSE OF ISSUE: New Money _____
Refunding X Refunds issue(s) dated: December 19, 1996ISSUE DATE: April 23, 2009CLOSING DATE: April 23, 2009ISSUE AMOUNT: \$2,004,608RATE: 4.23%1st DEBT SERVICE DUE: June 1, 20091st PRINCIPAL DUE: June 1, 20091st DEBT SERVICE AMOUNT: \$14,138.32PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Jackson Kelly PLLC

UNDERWRITERS COUNSEL: _____

Contact Person: Taunja Willis-Miller, Esquire

Contact Person: _____

Phone: (304) 284-4109

Phone: _____

CLOSING BANK: BB&TESCROW TRUSTEE: Municipal Bond CommissionContact Person: Russell "Rusty" AkersContact Person: Sara BoardmanPhone: (304) 353-1635Phone: (304) 558-3971 / Fax: (304) 558-1280

KNOWLEDGEABLE ISSUER CONTACT: _____

OTHER: IssuerContact Person: Kenneth DavidsonContact Person: Nancy ShobePosition: MayorFunction: RecorderPhone: (304) 472-1651Phone: (304) 472-1651E-Mail: kdavidson@mail.ci.buckhannon.wv.us

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

\$1,914,107.78

Capitalized Interest: \$ _____

By X Wire _____

Reserve Account: \$ _____

Check _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____

To Escrow Trustee: \$292,135 (including \$91,000 from 1996 A Sinking Fund and \$201,135 from 1996 A Reserve Account)

Check _____

To Issuer: \$ _____

IGT _____

To Cons. Invest. Fund \$ _____

To Other: \$ _____

NOTES: Payoff 1996 A Bonds

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

Notice of Optional Redemption to the Holders of

\$2,885,000

**The City of Buckhannon, West Virginia
Sewerage System Refunding Revenue Bonds,
Series 1996A**

Dated: April 6, 2009

NOTICE IS HEREBY GIVEN by the City of Buckhannon, West Virginia (the "Issuer") to the holders of its outstanding Sewerage System Refunding Revenue Bonds, Series 1996A (the "Bonds") that the Bonds have been ordered by the Issuer to be redeemed on May 6, 2009 (the "Redemption Date"), at the redemption price of par, plus interest accrued to the Redemption Date in accordance with the provisions of the Bond Resolution authorizing issuance of the Bonds.

**SUCH REDEMPTION HOWEVER, TO BE SUBJECT TO SETTLEMENT
AND TO THE DEPOSIT WITH THE PAYING AGENT OF MONEYS
SUFFICIENT TO EFFECT SUCH REDEMPTION NOT LATER THAN THE
OPENING OF BUSINESS ON MAY 6, THIS NOTICE TO BE OF NO EFFECT
UNLESS SUCH MONEYS ARE SO DEPOSITED.**

On the Redemption Date, each of the Bonds referred to above and further described below will be payable at, and are to be surrendered to, the principal corporate trust office of The Bank of New York Mellon Trust Company, N.A. (as "Paying Agent") for the principal of the Redemption Price thereof and interest accrued thereon to the Redemption Date, by mailing such Bonds by registered or certified mail to the following address:

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street
8th Floor
Dallas, TX 75201

Maturity Date	Interest Rate	Par amount	Cusips
10/01/09	5.3%	85,000	118349BM0
10/01/10	5.4%	90,000	118349BN8
10/01/11	5.5%	90,000	118349BP3
10/01/25	5.25%	1,930,000	118349BQ1

From the Redemption Date, the Bonds called for redemption will be deemed to be paid and interest will cease to accrue on the Bonds.

NOTICE: Withholding of 28% gross redemption proceeds of any payment made within the United States may be required by the Interest and Dividend Tax Compliance Act of 1983 unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

*The Issuer and Escrow Trustee shall not be responsible for the use of the CUSIP numbers selected, nor is any representation made as to the accuracy or correctness of the CUSIP numbers as printed in this notice or as printed on any Bond; the CUSIP numbers are included solely for the convenience of the holders. No representation is made as to the accuracy or correctness of this notice of redemption or mailing hereof (including any failure to mail such notice), and no such inaccuracy or incorrectness shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

The Bank of New York Mellon Trust Company, N.A.
as Paying Agent

By:  _____
It's Assistant Treasurer _____

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2009 A

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Agreement"), made and entered into the 23rd day of April, 2009, by and between THE CITY OF BUCKHANNON, a municipal corporation of the State of West Virginia (the "Issuer"), and the WEST VIRGINIA MUNICIPAL BOND COMMISSION, an agency of the State of West Virginia established pursuant to West Virginia Code § 13-3-1 *et seq.* (the "Escrow Agent").

W I T N E S S E T H:

WHEREAS, the Issuer, pursuant to a Bond Ordinance effective October 17, 1996 (the "1996 A Ordinance"), issued its Sewerage System Refunding Revenue Bonds, Series 1996 A (the "Series 1996 A Bonds"), in the original principal amount of \$2,885,000, dated December 1, 1996, of which \$2,195,000 principal amount remains outstanding;

WHEREAS, the Issuer, pursuant to a Bond Ordinance enacted on March 5, 2009, and supplemented by Supplemental Resolution adopted on April 16, 2009 (collectively, the "Ordinance"), authorized the issuance of its Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"), in the original principal amount of \$2,004,608, dated the date hereof, to currently refund the Series 1996 A Bonds, and contemporaneously with the issuance thereof, legally defease the Series 1996 A Bonds by applying a portion of the proceeds of the Series 2009 A Bonds and certain moneys of the Issuer ("Issuer's Funds") to gross fund the Escrow Fund herein described;

WHEREAS, the cash amounts in the Escrow Fund which will be delivered to the Escrow Agent simultaneously with the delivery of the Series 2009 A Bonds, are in such amounts as to insure the payment on May 6, 2009 (the "Redemption Date"), of the entire principal amount of the Series 1996 A Bonds then outstanding, together with the interest accrued thereon (collectively, the "Redemption Price");

WHEREAS, the Issuer has found it desirable to appoint the Escrow Agent and the Escrow Agent has agreed to such appointment for the purposes of holding title, as

M0586492

trustee, to the cash deposit, disbursing to the paying agent such amounts as may be necessary to provide for payment of the Redemption Price of the Series 1996 A Bonds on the Redemption Date and holding, investing and reinvesting any cash balances which may at any time not be needed for immediate disbursement.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH: That for and in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1996 A Bonds, as hereinabove provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The Issuer hereby appoints the West Virginia Municipal Bond Commission as Escrow Agent for the Escrow Fund. The Escrow Agent hereby acknowledges receipt of true and correct copies of the 1996 A Ordinance and the Ordinance, copies of which are made a part hereof and incorporated herein. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance.

2. There is hereby created and established with the Escrow Agent a special and irrevocable trust fund designated the "Escrow Fund", to be held in the custody of the Escrow Agent, separate and apart from any other funds of the Issuer or the Escrow Agent. The deposit of moneys in the Escrow Fund shall constitute an irrevocable deposit of said moneys in trust for, and such moneys together with any income or interest earned thereon, shall be applied, except as otherwise provided herein, to the payment of the Redemption Price on the Redemption Date, all in accordance with paragraph 6 hereof.

3. Concurrently with the delivery of the Series 2009 A Bonds, the Escrow Agent shall deposit in the Escrow Fund (i) the sum of \$201,135 from the Series 1996 A Bonds Debt Service Reserve Fund; and (ii) the sum of \$91,000 from the Debt Service Fund.

4. Concurrently with the delivery of the Series 2009 A Bonds, the Issuer and the Escrow Agent shall cause (i) Series 2009 A Bonds proceeds in the amount of \$1,914,107.78; and (ii) the amounts described in paragraph 3 above, on deposit with the Escrow Agent in the Series 1996 A Debt Service Reserve Fund and Debt Service Fund (total of \$2,206,242.78) to be deposited in the Escrow Fund and the cash in the Escrow Fund shall be applied solely to the payment of the redemption price of the Series 1996 A Bonds on May 6, 2009 (the "Redemption Date"). A copy of the Notice of Redemption is attached as Exhibit A hereto.

5. If the Issuer requests that the Escrow Agent use the moneys in the Escrow Fund to purchase certain United States Treasury Obligations, and upon receipt of an opinion of nationally recognized bond counsel that such substitution will not affect the tax-exempt status of interest on the Series 2009 A Bonds under the Internal Revenue Code of 1986, as amended and then in effect (the "Code"), the Escrow Agent may substitute United States Treasury Obligations for the cash in the Escrow Fund, provided that such United States Treasury Obligations being substituted must be non-callable obligations of the United States of America ("Direct Obligations"), must be sufficient to pay the Redemption Price on the Redemption Date and provided further, that the Escrow Agent receives verification by a certified public accountant of the sufficiency of the escrowed securities to pay the Redemption Price on the Redemption Date.

6. The Escrow Agent shall transfer from the Escrow Fund and deposit directly with the paying agent for the Series 1996 A Bonds, in immediately available funds on the Redemption Date, an amount sufficient to pay the Redemption Price. The registrar of the Series 1996 A Bonds has previously provided a notice of redemption by first-class mail to the registered owners of the Series 1996 A Bonds, not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the 1996 A Ordinance. Such notice, a copy of which is attached as Exhibit A hereto, is hereby ratified, approved and confirmed by the Issuer.

7. The holders of the Series 1996 A Bonds shall have an express lien on all moneys and assets in the Escrow Fund until paid out, used and applied in accordance with this Agreement.

8. After the provision for payment of all the Outstanding Series 1996 A Bonds and the interest thereon, any amounts remaining in the Escrow Fund shall be immediately transferred to the Issuer and applied to the next ensuing interest payment on the Series 2009 A Bonds.

9. The Escrow Agent shall be entitled to fees for services rendered under this Agreement and reasonable expenses. The Issuer shall pay those fees and expenses from its own funds. In no event shall the Escrow Agent or any paying agent have any lien whatsoever upon any of the moneys or assets in the Escrow Fund for the payment of any fees or expenses.

10. The Issuer and the Escrow Agent independently hereby covenant that no part of the moneys or funds at any time in the Escrow Fund shall be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any of the Series 1996 A Bonds or the Series 2009 A Bonds to be an "arbitrage bond" as

defined in Section 148 of the Code, or to be subject to treatment under Section 148 as an obligation not described in Section 103 of the Code.

11. The Escrow Agent shall not have any responsibility with respect to the sufficiency of this Agreement to effect payment, redemption or defeasance of the Series 1996 A Bonds. The liability of the Escrow Agent for the payment of the principal of and the interest on, the Series 1996 A Bonds shall be limited to the application of the moneys and assets available for such purposes in the Escrow Fund, and the Escrow Agent shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by this Agreement. The Escrow Agent shall have no responsibility to the Issuer or any other person in connection with this Agreement, except as specifically provided herein, and shall not be responsible for anything done or omitted to be done by it except for its own negligence or willful default in the performance of any obligation imposed on it hereunder.

12. By execution of this Agreement, the Escrow Agent accepts the duties and obligations as Escrow Agent hereunder. The Escrow Agent represents that it has all requisite power, and has taken all action necessary to execute the trusts hereby created.

13. If the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may inquire and consult with the Issuer, at any time. The Escrow Agent may request an opinion of counsel for a determination of any legal issue which might arise in the performance of its duties hereunder and may act in accordance with the advice given in such opinion.

14. The Escrow Agent shall not be liable for any loss resulting from any investment made pursuant to the terms and provisions of this Agreement.

15. The Escrow Agent may act upon any notice, request, waiver, consent, certificate, receipt, authorization, power of attorney or other instrument or document which the Escrow Agent in good faith believes to be genuine and correct and to have been signed or sent by the proper person or persons.

16. The Escrow Agent may resign or be removed by the Issuer, and thereby become discharged from the trusts hereby created, by notice given to the Issuer and each insurer of any of the Series 1996 A Bonds not less than thirty (30) days before such resignation or removal shall take effect. Such resignation or removal shall take

effect immediately, however, upon the earlier appointment of a new Escrow Agent hereunder and acceptance of the trusts hereby created. The Escrow Agent shall continue to serve as Escrow Agent until a successor is appointed and the funds held hereunder transferred. The Escrow Agent shall provide a proper accounting to the Issuer of all funds deposited pursuant to this Agreement within 30 days of the appointment of a successor Escrow Agent. If no such appointment has been made at the end of the 30 day period, the Escrow Agent may petition a court of competent jurisdiction for appointment of a successor or temporary Escrow Agent. In the event of the resignation or removal of the Escrow Agent, the Escrow Agent shall rebate to the Issuer any fees theretofore paid in advance by the Issuer to the Escrow Agent for its services under this Agreement.

17. This Agreement is made for the benefit of the Issuer, the Escrow Agent and the holders from time to time of the Series 1996 A Bonds, except as otherwise expressly provided herein. This Agreement may be modified or amended at anytime, provided, however, that no such modification or amendment shall be made which would materially adversely affect the interest of any of the holders of the Series 1996 A Bonds.

18. If any of the Outstanding Series 1996 A Bonds are not presented for payment on the Redemption Date, and moneys are held by the Escrow Agent for payment thereof, but not including any funds held by the paying agent for the Series 1996 A Bonds, such moneys shall be held for such purposes for a period of one year from the date such payment was due, at which time such moneys shall be paid to the Issuer. Following such payment to the Issuer, the Issuer shall be responsible for payment to any holder of the Series 1996 A Bonds presenting the Series 1996 A Bonds to the Escrow Agent of the amount payable to such holder.

19. The Escrow Agent shall act on behalf of the Issuer in the conduct of the proceedings for the redemption of the Outstanding Series 1996 A Bonds to be redeemed in accordance with the 1996 A Ordinance and the Ordinance.

20. This Agreement shall terminate on the earlier of the date on which all the Outstanding Series 1996 A Bonds have been paid in full and discharged in accordance with the respective provisions of the 1996 A Ordinance and the Ordinance or, as described in Paragraph 18 above, one year after the last date on which payment on the Series 1996 A Bonds is due, and at such time the balance of the Escrow Fund shall be transferred to the Issuer; provided, that the Issuer's obligations set forth in Paragraph 18 shall continue after such termination.

21. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement

shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

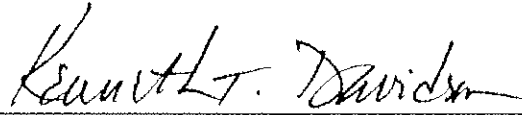
22. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

23. This Agreement is made in the State of West Virginia under the Constitution and laws of such state and is to be so construed.

[The remainder of this page is intentionally blank.]

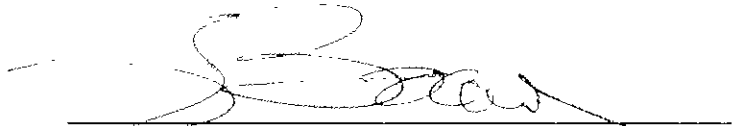
IN WITNESS WHEREOF, the parties hereto have executed this Agreement
on the day and year first above written.

THE CITY OF BUCKHANNON

A handwritten signature in cursive script, appearing to read "Kenneth L. Davidson", written over a horizontal line.

Mayor

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

A handwritten signature in cursive script, written over a horizontal line. The signature is stylized and difficult to decipher.

Executive Director

THE CITY OF BUCKHANNON
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2009 A

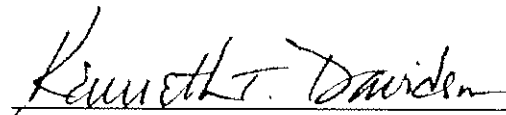
CERTIFICATE OF ISSUER AND ESCROW AGENT
REGARDING DEFEASANCE

The undersigned Mayor of The City of Buckhannon, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and the undersigned Executive Director of the West Virginia Municipal Bond Commission (the "Escrow Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

1. We have executed the Escrow Agreement between the Issuer and the Escrow Agent, dated April 23, 2009 (the "Escrow Agreement"), on behalf of the Issuer and the Escrow Agent, respectively.
2. The Escrow Agent has the authority to act as Escrow Agent for and in connection with the Series 1996 A Bonds (defined under the Escrow Agreement) and has the requisite powers to carry out its duties under the Escrow Agreement, and the Escrow Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the Issuer, the Escrow Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms.
3. The funds on deposit in the Escrow Fund established by the Escrow Agreement have been invested as provided in the Escrow Agreement.
4. The funds on deposit in the Escrow Fund, without investment, are sufficient to fully pay the Series 1996 A Bonds, including payment of the redemption price of par and accrued interest on the Series 1996 A Bonds, on the redemption date of May 6, 2009, and the liens of the Series 1996 A Bonds and the ordinance pursuant to which the Series 1996 A Bonds were issued have been discharged.

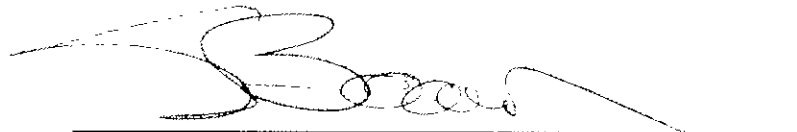
WITNESS our signatures on this 23rd day of April, 2009.

THE CITY OF BUCKHANNON

A handwritten signature in cursive script, appearing to read "Kenneth L. Davidson", written over a horizontal line.

Mayor

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

A handwritten signature in cursive script, appearing to read "B. [unclear]", written over a horizontal line.

Executive Director



150 CLAY STREET • SUITE 500 • P.O. BOX 619 • MORGANTOWN, WEST VIRGINIA 26507 • TELEPHONE: 304-284-4100 • TELECOPIER: 304-284-4140
www.jacksonkelly.com

April 14, 2009

VIA ELECTRONIC MAIL

Ms. Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
Suite 401
1207 Quarrier Street
Charleston, WV 25301
Fax: 304-558-1280
Phone: 304-558-3971

Re: The City of Buckhannon (West Virginia)
Sewerage System Refunding Revenue Bonds, Series 2009 A

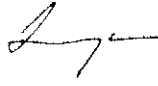
Dear Ms. Boardman:

We are serving as co-bond counsel for the issuance of the above-referenced bonds (the "Bonds"). On behalf of The City of Buckhannon (the "City"), please be advised that the City intends to issue the Bonds for the purpose of currently refunding all of its outstanding Sewerage System Refunding Revenue Bonds, Series 1996 A, dated December 1, 1996 (the "Series 1996 A Bonds"), on the redemption date of May 6, 2009, at which time they will be redeemed in full. The Bonds are expected to be issued on April 23, 2009, and are being private place with Branch Banking and Trust Company. It is our understanding that the West Virginia Municipal Bond Commission is willing to serve as Escrow Agent for the refunding.

A copy of the Bond Ordinance authorizing the Bonds is enclosed. We understand that you are on the distribution list for the Bond documents and, accordingly, have received drafts of the Supplemental Resolution, the Escrow Agreement and other documents relating to the refunding. As you may already know, the refunding will include transferring the funds currently on deposit in the sinking fund and the reserve account for the Series 1996 A Bonds to the Escrow Fund.

We appreciate very much your assistance with this transaction. Please give me a call if you have any questions at this time.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Taunja Willis-Miller', with a stylized flourish at the end.

Taunja Willis-Miller

Enclosure

Blind Copy of letter only to, via email:

Kenneth Davidson, Mayor
Nancy Shobe, Recorder/Treasurer
David Kirby
David W. McCauley, Esq.
Dennis R. Vaughan, Jr., Esq.

THE CITY OF BUCKHANNON (WEST VIRGINIA)
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 1996 A
POLICY NUMBER: 13523BE

NOTICE OF DEFEASANCE

To: AMBAC Indemnity Corporation
One State Street Plaza
New York, New York 10004

Date: April 23, 2009

Pursuant to Section 9.04 of the Ordinance authorizing the above-referenced bonds (the "Bonds"), please be advised that the Bonds have been defeased as of the date hereof.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By 
Executive Director

THE VAUGHAN LAW FIRM
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.

WEST VIRGINIA MUNICIPAL LEAGUE CENTER
2020 KANAWHA BOULEVARD, EAST
CHARLESTON, WEST VIRGINIA 25311
April 23, 2009

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

The City of Buckhannon
70 East Main Street
Buckhannon, WV 26201

Branch Banking and Trust Company
5130 Parkway Plaza Boulevard
Building 9
Charlotte, NC 28217

Re: The City of Buckhannon
Sewerage System Refunding Revenue Bonds, Series 2009 A

Ladies and Gentlemen:

We have served as co-bond counsel to The City of Buckhannon (the "Issuer"), a municipal corporation, in connection with the issuance of its Sewerage System Refunding Revenue Bonds, Series 2009 A, dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are to be purchased by Branch Banking and Trust Company (the "Purchaser") in accordance with the provisions of its commitment letter to the Issuer (the "Bank Commitment Letter"). The Bonds are issued in the principal amount of \$2,004,608, in the form of one bond, registered as to principal and interest to the Purchaser, with interest at the rate of 4.23% per annum, and with principal and interest payable monthly, on the first day of each month, commencing June 1, 2009, in the amounts set forth in Exhibit A to 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 of the Code of West Virginia, 1931, as amended (the "Act"), for the purposes of (i) currently refunding the Issuer's Sewer System Refunding Revenue Bonds, Series 1996 A; and (ii) paying the costs of issuance for the Bonds.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly adopted by the Issuer on March 5, 2009, effective 30 days thereafter and after the public hearing thereon, as supplemented by a Supplemental Resolution duly

adopted by the Issuer on April 16, 2009 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance.

The Issuer has executed a Tax Compliance Certificate dated as of the date hereof (the "Tax Certificate"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, intended to cause the requirements of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (collectively, the "Code"), necessary to establish and maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds to be met.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer and other entities contained in the herein-described documents and certifications furnished to us by or on behalf of the Issuer (including certifications as to matters that are material to paragraphs 5 and 6, below), without undertaking to verify the same by independent investigation.

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

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bank Commitment Letter has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer, enforceable in accordance with the terms thereof.

3. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and the provisions and covenants contained therein.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special, limited obligations of the Issuer, payable from the Net Revenues of the System

delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special, limited obligations of the Issuer, payable from the Net Revenues of the System 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 Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), all in accordance with the terms of the Bonds and the Ordinance; provided, that the Bonds are not secured by a reserve account and have no lien on and are not payable from the reserve account created for the Series 1986 B Bonds.

5. Under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, including but not limited to those set forth in the Tax Certificate, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Ordinance, the Tax Certificate and other documents relating thereto. Failure to comply with these covenants may result in interest on the Bonds being includable in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. We assume compliance with these covenants. We have not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the excludability from gross income for federal income tax purposes of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Ordinance and the Tax Certificate, and other relevant documents, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on any Bond or the effect on the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than this firm.

Except as described herein and in Section 6, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Subsection 265(b) of the Code. The provisions of this paragraph are subject to the continuing requirements relating to tax-exemption described in Paragraph 5, above.

The City of Buckhannon
Branch Banking and Trust Company
April 23, 2009
Page 4

7. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

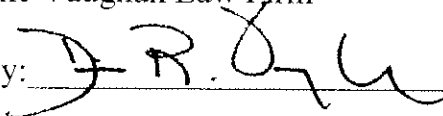
No opinion is given herein as to the effect upon enforceability of the Bonds under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or in the exercise of judicial discretion or principles of equity in appropriate cases.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

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,

The Vaughan Law Firm

By:  _____

April 23, 2009

The City of Buckhannon
70 East Main Street
Buckhannon, WV 26201

Branch Banking and Trust Company
5130 Parkway Plaza
Building 9
Charlotte, NC 28217

Re: The City of Buckhannon
Sewerage System Refunding Revenue Bonds, Series 2009 A

Ladies and Gentlemen:

We have served as co-bond counsel to The City of Buckhannon (the "Issuer"), a municipal corporation, in connection with the issuance of its Sewerage System Refunding Revenue Bonds, Series 2009 A, dated the date hereof (the "Bonds").

We have examined certified copies of proceedings and other papers relating to the issuance of the Bonds. The Bonds are to be purchased by Branch Banking and Trust Company (the "Purchaser") in accordance with the provisions of its commitment letter to the Issuer (the "Bank Commitment Letter"). The Bonds are issued in the principal amount of \$2,004,608, in the form of one bond, registered as to principal and interest to the Purchaser, with interest at the rate of 4.23% per annum, and with principal and interest payable monthly, on the first day of each month, commencing June 1, 2009, in the amounts set forth in Exhibit A to 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 of the Code of West Virginia, 1931, as amended (the "Act"), for the purposes of (i) currently refunding the Issuer's Sewer System Refunding Revenue Bonds, Series 1996 A; and (ii) paying the costs of issuance for the Bonds.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly adopted by the Issuer on March 5, 2009, effective 30 days thereafter and after the public hearing thereon, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 16, 2009 (collectively, the "Ordinance"), pursuant to and

adopted by the Issuer on April 16, 2009 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Ordinance.

The Issuer has executed a Tax Compliance Certificate dated as of the date hereof (the "Tax Certificate"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, intended to cause the requirements of the Internal Revenue Code of 1986, as amended, and regulations promulgated pursuant thereto (collectively, the "Code"), necessary to establish and maintain the excludability from gross income for federal income tax purposes of the interest on the Bonds to be met.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer and other entities contained in the herein-described documents and certifications furnished to us by or on behalf of the Issuer (including certifications as to matters that are material to paragraphs 4 and 5, below), without undertaking to verify the same by independent investigation.

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

1. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to operate and maintain the System, to enact the Ordinance and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Issuer has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds. The Ordinance constitutes a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms thereof and the provisions and covenants contained therein.

3. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Purchaser and are valid, legally enforceable and binding special, limited obligations of the Issuer, payable from the Net Revenues of the System 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 Sewer Revenue Bonds, Series 1986 B (the "Series 1986 B Bonds"), all in accordance with the terms of the Bonds and the Ordinance; provided, that the Bonds are not secured by a

reserve account and have no lien on and are not payable from the reserve account created for the Series 1986 B Bonds.

4. Under existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, including but not limited to those set forth in the Tax Certificate, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. The opinions set forth in the preceding sentences are subject to the condition that the Issuer comply, on a continuing basis, with all representations, covenants and certifications set forth in the Ordinance, the Tax Certificate and other documents relating thereto. Failure to comply with these covenants may result in interest on the Bonds being includable in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. We assume compliance with these covenants. We have not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the excludability from gross income for federal income tax purposes of interest on, the Bonds.

Certain requirements and procedures contained or referred to in the Ordinance and the Tax Certificate, and other relevant documents, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. We express no opinion as to the effect on any Bond or the effect on the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than this firm.

Except as described herein and in Paragraph 5, below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds have been designated by the Issuer as "qualified tax-exempt obligations" for purposes of Subsection 265(b) of the Code. The provisions of this paragraph are subject to the continuing requirements relating to tax-exemption described in Paragraph 5, above.

6. Under the Act, the Bonds and any interest thereon are exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof.

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

The City of Buckhannon
Branch Banking and Trust Company
April 23, 2009
Page 4

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

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,

Jackie Kelly PLLC

THE VAUGHAN LAW FIRM
Attorneys and Counsellors at Law

DENNIS R. VAUGHAN, JR.

WEST VIRGINIA MUNICIPAL LEAGUE CENTER
2020 KANAWHA BOULEVARD, EAST
CHARLESTON, WEST VIRGINIA 25311

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

April 23, 2009

The City of Buckhannon, West Virginia
70 East Main Street
Buckhannon, West Virginia 26201

West Virginia Municipal Bond Commission
Suite 401, 1207 Quarrier Street
Charleston, West Virginia 25301

Re: The City of Buckhannon Sewer System Refunding Revenue Bonds,
Series 1996 A

Ladies and Gentlemen:

We served as bond counsel for the above-referenced bonds (the "Series 1996 A Bonds") and are serving as bond counsel for \$2,204,608 in aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 2009 A (the "Series 2009 A Bonds"), being issued on the date hereof by The City of Buckhannon, West Virginia (the "Issuer"), for the purpose of currently refunding the Series 1996 A Bonds. We have reviewed the Escrow Agreement dated the date hereof (the "Escrow Agreement") between the Issuer and the West Virginia Municipal Bond Commission, as Escrow Agent (the "Escrow Agent"), and the mathematical verification certificate of The Arbitrage Group, Inc.

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

1. The Escrow Agreement has been duly authorized, executed and delivered by the parties thereto, and is enforceable by the owners of the Series 1996 A Bonds.
2. The Escrow Agreement irrevocably pledges the funds [investments] on deposit in the Escrow Fund to the payment of the redemption price of the Series 1996 A Bonds on May 6, 2009, which pledge is not subject to modification or amendment.
3. Based upon, subject to and as a result of the foregoing, and in reliance thereon, the lien of the Series 1996 A Bonds on the revenues and funds and accounts pledged under the ordinance enacted on September 19, 1996, pursuant to which they were issued has been defeased in accordance with the terms of Section 9.04 thereof.

4. The refunding and redemption of the Series 1996 A Bonds as described in the Escrow Agreement will not adversely affect the exclusion of the interest on the Series 1996 Bonds from gross income for federal income tax purposes.

Very truly yours,

The Vaughan Law Firm

By: 

Intentionally blank - Will provide once received

Debt Service Requirements of the Refunded Bonds to Maturity

The City of Buckhannon, West Virginia

Date	Principal	Coupon Rate	Interest	Debt Service Requirements of the Refunded Bonds to Maturity
10/01/09	\$85,000.00	5.300%	\$57,820.00	\$142,820.00
04/01/10			55,567.50	55,567.50
10/01/10	90,000.00	5.400%	55,567.50	145,567.50
04/01/11			53,137.50	53,137.50
10/01/11	90,000.00	5.500%	53,137.50	143,137.50
04/01/12			50,662.50	50,662.50
10/01/12	95,000.00	5.250%	50,662.50	145,662.50
04/01/13			48,168.75	48,168.75
10/01/13	100,000.00	5.250%	48,168.75	148,168.75
04/01/14			45,543.75	45,543.75
10/01/14	105,000.00	5.250%	45,543.75	150,543.75
04/01/15			42,787.50	42,787.50
10/01/15	115,000.00	5.250%	42,787.50	157,787.50
04/01/16			39,768.75	39,768.75
10/01/16	120,000.00	5.250%	39,768.75	159,768.75
04/01/17			36,618.75	36,618.75
10/01/17	125,000.00	5.250%	36,618.75	161,618.75
04/01/18			33,337.50	33,337.50
10/01/18	130,000.00	5.250%	33,337.50	163,337.50
04/01/19			29,925.00	29,925.00
10/01/19	140,000.00	5.250%	29,925.00	169,925.00
04/01/20			26,250.00	26,250.00
10/01/20	145,000.00	5.250%	26,250.00	171,250.00
04/01/21			22,443.75	22,443.75
10/01/21	155,000.00	5.250%	22,443.75	177,443.75
04/01/22			18,375.00	18,375.00
10/01/22	160,000.00	5.250%	18,375.00	178,375.00
04/01/23			14,175.00	14,175.00
10/01/23	170,000.00	5.250%	14,175.00	184,175.00
04/01/24			9,712.50	9,712.50
10/01/24	180,000.00	5.250%	9,712.50	189,712.50
04/01/25			4,987.50	4,987.50
10/01/25	190,000.00	5.250%	4,987.50	194,987.50
	<u>\$2,195,000.00</u>		<u>\$1,120,742.50</u>	<u>\$3,315,742.50</u>

Debt Service Requirements of the Refunded Bonds to Early Redemption

The City of Buckhannon, West Virginia

Date	Principal	Coupon Rate	Interest	Debt Service Requirements of the Refunded Bonds to Early Redemption
05/06/09	\$2,195,000.00	*	\$11,242.78	\$2,206,242.78

* Coupon rates are as shown in the Debt Service Requirements of the Refunded Bonds to Maturity.

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
06/01/09	\$5,187.75	4.230%	\$8,950.57	\$14,138.32	\$14,075.44
07/01/09	7,097.01	4.230%	7,047.96	14,144.97	14,032.60
08/01/09	7,122.03	4.230%	7,022.94	14,144.97	13,983.31
09/01/09	7,147.14	4.230%	6,997.83	14,144.97	13,934.19
10/01/09	7,172.33	4.230%	6,972.64	14,144.97	13,885.25
11/01/09	7,197.61	4.230%	6,947.36	14,144.97	13,836.47
12/01/09	7,222.98	4.230%	6,921.99	14,144.97	13,787.87
01/01/10	7,248.44	4.230%	6,896.53	14,144.97	13,739.44
02/01/10	7,274.00	4.230%	6,870.97	14,144.97	13,691.18
03/01/10	7,299.64	4.230%	6,845.33	14,144.97	13,643.09
04/01/10	7,325.37	4.230%	6,819.60	14,144.97	13,595.16
05/01/10	7,351.19	4.230%	6,793.78	14,144.97	13,547.41
06/01/10	7,377.10	4.230%	6,767.87	14,144.97	13,499.82
07/01/10	7,403.11	4.230%	6,741.86	14,144.97	13,452.40
08/01/10	7,429.20	4.230%	6,715.77	14,144.97	13,405.15
09/01/10	7,455.39	4.230%	6,689.58	14,144.97	13,358.06
10/01/10	7,481.67	4.230%	6,663.30	14,144.97	13,311.14
11/01/10	7,508.04	4.230%	6,636.93	14,144.97	13,264.39
12/01/10	7,534.51	4.230%	6,610.46	14,144.97	13,217.79
01/01/11	7,561.07	4.230%	6,583.90	14,144.97	13,171.37
02/01/11	7,587.72	4.230%	6,557.25	14,144.97	13,125.10
03/01/11	7,614.47	4.230%	6,530.50	14,144.97	13,079.00
04/01/11	7,641.31	4.230%	6,503.66	14,144.97	13,033.06
05/01/11	7,668.24	4.230%	6,476.73	14,144.97	12,987.28
06/01/11	7,695.28	4.230%	6,449.69	14,144.97	12,941.66
07/01/11	7,722.40	4.230%	6,422.57	14,144.97	12,896.20
08/01/11	7,749.62	4.230%	6,395.35	14,144.97	12,850.90
09/01/11	7,776.94	4.230%	6,368.03	14,144.97	12,805.76
10/01/11	7,804.35	4.230%	6,340.62	14,144.97	12,760.78
11/01/11	7,831.86	4.230%	6,313.11	14,144.97	12,715.95
12/01/11	7,859.47	4.230%	6,285.50	14,144.97	12,671.29
01/01/12	7,887.18	4.230%	6,257.79	14,144.97	12,626.78
02/01/12	7,914.98	4.230%	6,229.99	14,144.97	12,582.43
03/01/12	7,942.88	4.230%	6,202.09	14,144.97	12,538.23
04/01/12	7,970.88	4.230%	6,174.09	14,144.97	12,494.19
05/01/12	7,998.97	4.230%	6,146.00	14,144.97	12,450.30
06/01/12	8,027.17	4.230%	6,117.80	14,144.97	12,406.57
07/01/12	8,055.47	4.230%	6,089.50	14,144.97	12,362.99
08/01/12	8,083.86	4.230%	6,061.11	14,144.97	12,319.56
09/01/12	8,112.36	4.230%	6,032.61	14,144.97	12,276.29

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/12	8,140.95	4.230%	6,004.02	14,144.97	12,233.17
11/01/12	8,169.65	4.230%	5,975.32	14,144.97	12,190.20
12/01/12	8,198.45	4.230%	5,946.52	14,144.97	12,147.38
01/01/13	8,227.35	4.230%	5,917.62	14,144.97	12,104.71
02/01/13	8,256.35	4.230%	5,888.62	14,144.97	12,062.19
03/01/13	8,285.45	4.230%	5,859.52	14,144.97	12,019.82
04/01/13	8,314.66	4.230%	5,830.31	14,144.97	11,977.60
05/01/13	8,343.97	4.230%	5,801.00	14,144.97	11,935.53
06/01/13	8,373.38	4.230%	5,771.59	14,144.97	11,893.60
07/01/13	8,402.90	4.230%	5,742.07	14,144.97	11,851.82
08/01/13	8,432.52	4.230%	5,712.45	14,144.97	11,810.19
09/01/13	8,462.24	4.230%	5,682.73	14,144.97	11,768.71
10/01/13	8,492.07	4.230%	5,652.90	14,144.97	11,727.37
11/01/13	8,522.01	4.230%	5,622.96	14,144.97	11,686.18
12/01/13	8,552.05	4.230%	5,592.92	14,144.97	11,645.13
01/01/14	8,582.19	4.230%	5,562.78	14,144.97	11,604.22
02/01/14	8,612.44	4.230%	5,532.53	14,144.97	11,563.46
03/01/14	8,642.80	4.230%	5,502.17	14,144.97	11,522.85
04/01/14	8,673.27	4.230%	5,471.70	14,144.97	11,482.37
05/01/14	8,703.84	4.230%	5,441.13	14,144.97	11,442.04
06/01/14	8,734.52	4.230%	5,410.45	14,144.97	11,401.85
07/01/14	8,765.31	4.230%	5,379.66	14,144.97	11,361.80
08/01/14	8,796.21	4.230%	5,348.76	14,144.97	11,321.89
09/01/14	8,827.22	4.230%	5,317.75	14,144.97	11,282.12
10/01/14	8,858.33	4.230%	5,286.64	14,144.97	11,242.49
11/01/14	8,889.56	4.230%	5,255.41	14,144.97	11,203.00
12/01/14	8,920.89	4.230%	5,224.08	14,144.97	11,163.65
01/01/15	8,952.34	4.230%	5,192.63	14,144.97	11,124.43
02/01/15	8,983.90	4.230%	5,161.07	14,144.97	11,085.36
03/01/15	9,015.57	4.230%	5,129.40	14,144.97	11,046.42
04/01/15	9,047.35	4.230%	5,097.62	14,144.97	11,007.62
05/01/15	9,079.24	4.230%	5,065.73	14,144.97	10,968.95
06/01/15	9,111.24	4.230%	5,033.73	14,144.97	10,930.42
07/01/15	9,143.36	4.230%	5,001.61	14,144.97	10,892.03
08/01/15	9,175.59	4.230%	4,969.38	14,144.97	10,853.77
09/01/15	9,207.93	4.230%	4,937.04	14,144.97	10,815.64
10/01/15	9,240.39	4.230%	4,904.58	14,144.97	10,777.65
11/01/15	9,272.96	4.230%	4,872.01	14,144.97	10,739.80
12/01/15	9,305.65	4.230%	4,839.32	14,144.97	10,702.07
01/01/16	9,338.45	4.230%	4,806.52	14,144.97	10,664.48
02/01/16	9,371.37	4.230%	4,773.60	14,144.97	10,627.02
03/01/16	9,404.41	4.230%	4,740.56	14,144.97	10,589.69

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/16	9,437.56	4.230%	4,707.41	14,144.97	10,552.49
05/01/16	9,470.82	4.230%	4,674.15	14,144.97	10,515.43
06/01/16	9,504.21	4.230%	4,640.76	14,144.97	10,478.49
07/01/16	9,537.71	4.230%	4,607.26	14,144.97	10,441.68
08/01/16	9,571.33	4.230%	4,573.64	14,144.97	10,405.01
09/01/16	9,605.07	4.230%	4,539.90	14,144.97	10,368.46
10/01/16	9,638.93	4.230%	4,506.04	14,144.97	10,332.04
11/01/16	9,672.90	4.230%	4,472.07	14,144.97	10,295.74
12/01/16	9,707.00	4.230%	4,437.97	14,144.97	10,259.58
01/01/17	9,741.22	4.230%	4,403.75	14,144.97	10,223.54
02/01/17	9,775.56	4.230%	4,369.41	14,144.97	10,187.63
03/01/17	9,810.02	4.230%	4,334.95	14,144.97	10,151.85
04/01/17	9,844.60	4.230%	4,300.37	14,144.97	10,116.19
05/01/17	9,879.30	4.230%	4,265.67	14,144.97	10,080.65
06/01/17	9,914.12	4.230%	4,230.85	14,144.97	10,045.24
07/01/17	9,949.07	4.230%	4,195.90	14,144.97	10,009.96
08/01/17	9,984.14	4.230%	4,160.83	14,144.97	9,974.80
09/01/17	10,019.33	4.230%	4,125.64	14,144.97	9,939.76
10/01/17	10,054.65	4.230%	4,090.32	14,144.97	9,904.85
11/01/17	10,090.10	4.230%	4,054.87	14,144.97	9,870.05
12/01/17	10,125.66	4.230%	4,019.31	14,144.97	9,835.38
01/01/18	10,161.36	4.230%	3,983.61	14,144.97	9,800.84
02/01/18	10,197.17	4.230%	3,947.80	14,144.97	9,766.41
03/01/18	10,233.12	4.230%	3,911.85	14,144.97	9,732.11
04/01/18	10,269.19	4.230%	3,875.78	14,144.97	9,697.92
05/01/18	10,305.39	4.230%	3,839.58	14,144.97	9,663.86
06/01/18	10,341.72	4.230%	3,803.25	14,144.97	9,629.91
07/01/18	10,378.17	4.230%	3,766.80	14,144.97	9,596.08
08/01/18	10,414.75	4.230%	3,730.22	14,144.97	9,562.38
09/01/18	10,451.47	4.230%	3,693.50	14,144.97	9,528.79
10/01/18	10,488.31	4.230%	3,656.66	14,144.97	9,495.32
11/01/18	10,525.28	4.230%	3,619.69	14,144.97	9,461.96
12/01/18	10,562.38	4.230%	3,582.59	14,144.97	9,428.73
01/01/19	10,599.61	4.230%	3,545.36	14,144.97	9,395.61
02/01/19	10,636.98	4.230%	3,507.99	14,144.97	9,362.61
03/01/19	10,674.47	4.230%	3,470.50	14,144.97	9,329.72
04/01/19	10,712.10	4.230%	3,432.87	14,144.97	9,296.95
05/01/19	10,749.86	4.230%	3,395.11	14,144.97	9,264.29
06/01/19	10,787.75	4.230%	3,357.22	14,144.97	9,231.75
07/01/19	10,825.78	4.230%	3,319.19	14,144.97	9,199.32
08/01/19	10,863.94	4.230%	3,281.03	14,144.97	9,167.01
09/01/19	10,902.24	4.230%	3,242.73	14,144.97	9,134.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
10/01/19	10,940.67	4.230%	3,204.30	14,144.97	9,102.72
11/01/19	10,979.23	4.230%	3,165.74	14,144.97	9,070.75
12/01/19	11,017.93	4.230%	3,127.04	14,144.97	9,038.89
01/01/20	11,056.77	4.230%	3,088.20	14,144.97	9,007.14
02/01/20	11,095.75	4.230%	3,049.22	14,144.97	8,975.50
03/01/20	11,134.86	4.230%	3,010.11	14,144.97	8,943.97
04/01/20	11,174.11	4.230%	2,970.86	14,144.97	8,912.55
05/01/20	11,213.50	4.230%	2,931.47	14,144.97	8,881.25
06/01/20	11,253.03	4.230%	2,891.94	14,144.97	8,850.05
07/01/20	11,292.69	4.230%	2,852.28	14,144.97	8,818.96
08/01/20	11,332.50	4.230%	2,812.47	14,144.97	8,787.99
09/01/20	11,372.45	4.230%	2,772.52	14,144.97	8,757.12
10/01/20	11,412.54	4.230%	2,732.43	14,144.97	8,726.36
11/01/20	11,452.76	4.230%	2,692.21	14,144.97	8,695.71
12/01/20	11,493.14	4.230%	2,651.83	14,144.97	8,665.16
01/01/21	11,533.65	4.230%	2,611.32	14,144.97	8,634.72
02/01/21	11,574.30	4.230%	2,570.67	14,144.97	8,604.39
03/01/21	11,615.10	4.230%	2,529.87	14,144.97	8,574.17
04/01/21	11,656.05	4.230%	2,488.92	14,144.97	8,544.05
05/01/21	11,697.13	4.230%	2,447.84	14,144.97	8,514.04
06/01/21	11,738.37	4.230%	2,406.60	14,144.97	8,484.13
07/01/21	11,779.75	4.230%	2,365.22	14,144.97	8,454.33
08/01/21	11,821.27	4.230%	2,323.70	14,144.97	8,424.64
09/01/21	11,862.94	4.230%	2,282.03	14,144.97	8,395.04
10/01/21	11,904.76	4.230%	2,240.21	14,144.97	8,365.56
11/01/21	11,946.72	4.230%	2,198.25	14,144.97	8,336.17
12/01/21	11,988.83	4.230%	2,156.14	14,144.97	8,306.89
01/01/22	12,031.09	4.230%	2,113.88	14,144.97	8,277.71
02/01/22	12,073.50	4.230%	2,071.47	14,144.97	8,248.63
03/01/22	12,116.06	4.230%	2,028.91	14,144.97	8,219.66
04/01/22	12,158.77	4.230%	1,986.20	14,144.97	8,190.79
05/01/22	12,201.63	4.230%	1,943.34	14,144.97	8,162.02
06/01/22	12,244.64	4.230%	1,900.33	14,144.97	8,133.35
07/01/22	12,287.80	4.230%	1,857.17	14,144.97	8,104.78
08/01/22	12,331.12	4.230%	1,813.85	14,144.97	8,076.31
09/01/22	12,374.58	4.230%	1,770.39	14,144.97	8,047.94
10/01/22	12,418.21	4.230%	1,726.76	14,144.97	8,019.67
11/01/22	12,461.98	4.230%	1,682.99	14,144.97	7,991.50
12/01/22	12,505.91	4.230%	1,639.06	14,144.97	7,963.43
01/01/23	12,549.99	4.230%	1,594.98	14,144.97	7,935.46
02/01/23	12,594.23	4.230%	1,550.74	14,144.97	7,907.58
03/01/23	12,638.62	4.230%	1,506.35	14,144.97	7,879.81

Debt Service Requirements and Proof of Yield on the Bonds

The City of Buckhannon, West Virginia

Date	\$2,004,608 Bonds			Debt Service Requirements of the Bonds	Present Value of Future Payments at 04/23/09 Using a Rate of 4.267424%
	Principal	Coupon Rate	Interest		
04/01/23	12,683.18	4.230%	1,461.79	14,144.97	7,852.13
05/01/23	12,727.88	4.230%	1,417.09	14,144.97	7,824.55
06/01/23	12,772.75	4.230%	1,372.22	14,144.97	7,797.06
07/01/23	12,817.77	4.230%	1,327.20	14,144.97	7,769.68
08/01/23	12,862.96	4.230%	1,282.01	14,144.97	7,742.38
09/01/23	12,908.30	4.230%	1,236.67	14,144.97	7,715.19
10/01/23	12,953.80	4.230%	1,191.17	14,144.97	7,688.09
11/01/23	12,999.46	4.230%	1,145.51	14,144.97	7,661.08
12/01/23	13,045.29	4.230%	1,099.68	14,144.97	7,634.17
01/01/24	13,091.27	4.230%	1,053.70	14,144.97	7,607.36
02/01/24	13,137.42	4.230%	1,007.55	14,144.97	7,580.64
03/01/24	13,183.73	4.230%	961.24	14,144.97	7,554.01
04/01/24	13,230.20	4.230%	914.77	14,144.97	7,527.47
05/01/24	13,276.84	4.230%	868.13	14,144.97	7,501.03
06/01/24	13,323.64	4.230%	821.33	14,144.97	7,474.68
07/01/24	13,370.60	4.230%	774.37	14,144.97	7,448.43
08/01/24	13,417.73	4.230%	727.24	14,144.97	7,422.27
09/01/24	13,465.03	4.230%	679.94	14,144.97	7,396.19
10/01/24	13,512.49	4.230%	632.48	14,144.97	7,370.21
11/01/24	13,560.13	4.230%	584.84	14,144.97	7,344.33
12/01/24	13,607.93	4.230%	537.04	14,144.97	7,318.53
01/01/25	13,655.89	4.230%	489.08	14,144.97	7,292.82
02/01/25	13,704.03	4.230%	440.94	14,144.97	7,267.20
03/01/25	13,752.34	4.230%	392.63	14,144.97	7,241.68
04/01/25	13,800.81	4.230%	344.16	14,144.97	7,216.24
05/01/25	13,849.46	4.230%	295.51	14,144.97	7,190.89
06/01/25	13,898.28	4.230%	246.69	14,144.97	7,165.63
07/01/25	13,947.27	4.230%	197.70	14,144.97	7,140.46
08/01/25	13,996.44	4.230%	148.53	14,144.97	7,115.38
09/01/25	14,045.77	4.230%	99.20	14,144.97	7,090.39
10/01/25	14,094.72	4.230%	49.68	14,144.40	7,065.20
	<u>\$2,004,608.00</u>		<u>\$781,943.87</u>	<u>\$2,786,551.87</u>	<u>\$2,004,608.00</u>
			Principal Amount of the Bonds		<u>\$2,004,608.00</u>

CITY OF BUCKHANNON, WEST VIRGINIA

NOTE AND BOND SERIES 1986 A and B
AND LINE OF CREDIT ORDINANCE

TABLE OF CONTENTS

<u>Subject</u>	<u>Page</u>
ARTICLE I	
DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS	
Section 1.01.	Definitions..... 1
Section 1.02.	Authority of this Ordinance..... 11
Section 1.03.	Findings..... 11
Section 1.04.	Ordinance Constitutes Contract..... 13
ARTICLE II	
AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT	
Section 2.01.	Authorization of Construction and Acquisition of the Project..... 13
ARTICLE III	
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS: AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 3.01.	Authorization of Bonds..... 14
Section 3.02.	Terms of Bonds..... 14
Section 3.03.	Execution of Bonds..... 15
Section 3.04.	Authentication and Registration.... 15
Section 3.05.	Negotiability, Transfer and Registration..... 15
Section 3.06.	Bonds Mutilated, Destroyed, Stolen or Lost..... 16
Section 3.07.	Bonds Not to be Indebtedness of the City..... 17
Section 3.08.	Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds..... 17
Section 3.09.	Form of Original Bonds..... 17
Section 3.10.	Sale of Original Bonds; Execution of Loan Agreement with Authority... 32
ARTICLE IV	
NOTES AND LINE OF CREDIT	
Section 4.01.	Authorization and General Terms.... 32
Section 4.02.	Terms of and Security for Notes; Trust Indenture..... 32
Section 4.03.	Notes are Special Obligations..... 32
Section 4.04.	Letters of Credit..... 32
Section 4.05.	Authorization and General Term of the Line of Credit..... 33
Section 4.06.	Line of Credit as Special Obligation..... 33

SubjectPageARTICLE V
SECURITY OF BONDS

Section 5.01.	Establishment of Funds and Accounts with Depository Bank.....	33
Section 5.02.	Establishment of Funds and Accounts with Commission.....	34
Section 5.03.	System Revenues; Flow of Funds.....	34

ARTICLE VI
BOND PROCEEDS: FUNDS AND ACCOUNTS

Section 6.01.	Application of Bond Proceeds.....	39
---------------	-----------------------------------	----

ARTICLE VII
ADDITIONAL COVENANTS OF THE CITY

Section 7.01.	General Covenants of the City.....	40
Section 7.02.	Bonds, Notes and Line of Credit Not To Be Indebtedness of the City.	41
Section 7.03.	Bonds Secured by Pledge of Net Revenues.....	41
Section 7.04.	Initial Schedule of Rates and Charges; Rules.....	41
Section 7.05.	Sale of the System.....	41
Section 7.06.	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.....	43
Section 7.07.	Additional Parity Bonds.....	44
Section 7.08.	Books and Records.....	47
Section 7.09.	Rates.....	48
Section 7.10.	Operating Budget and Audit.....	48
Section 7.11.	No Competing Franchise.....	49
Section 7.12.	Enforcement of Collections.....	49
Section 7.13.	No Free Services.....	50
Section 7.14.	Insurance and Construction Bonds...	50
Section 7.15.	Mandatory Connections.....	51
Section 7.16.	Completion of Project.....	52
Section 7.17.	Rebate to the United States.....	52
Section 7.18.	Compliance with Tax Laws.....	52
Section 7.19.	Restrictions as to Arbitrage Bonds.	52

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01.	Investments.....	53
---------------	------------------	----

SubjectPageARTICLE IX
DEFAULT AND REMEDIES

Section 9.01.	Events of Default.....	53
Section 9.02.	Remedies.....	54
Section 9.03.	Appointment of Receiver.....	54

ARTICLE X
DEFEASANCE

Section 10.01.	Defeasance of Series 1986 A Bonds..	56
Section 10.02.	Defeasance of Series 1986 B Bonds..	57
Section 10.03.	Defeasance of Notes.....	58

ARTICLE XI
MISCELLANEOUS

Section 11.01.	Modification or Amendment.....	58
Section 11.02.	Ordinance Constitutes Contract.....	59
Section 11.03.	Severability of Invalid Provisions..	59
Section 11.04.	Headings, Etc.....	59
Section 11.05.	Amendments to Maintain Tax Exemption.....	59
Section 11.06.	Conflicting Provisions Repealed....	59
Section 11.07.	Covenant of Due Procedure, Etc.....	59
Section 11.08.	Effective Time.....	59
Section 11.09.	Statutory Notice and Public Hearing	59

NOTE, BOND AND LINE OF CREDIT ORDINANCE

Introduced in Council

Referred to

Introduced by

Passed by Council

An Ordinance authorizing the acquisition and construction of certain extensions, improvements and additions to the existing public sewerage facilities of the City of Buckhannon and the financing of the cost not otherwise provided, thereof, through the issuance by the City of not more than \$2,866,667 in aggregate principal amount of City of Buckhannon Sewer Revenue Bonds, Series 1986 A, not more than \$1,433,333 in aggregate principal amount of City of Buckhannon Sewer Revenue Bonds, Series 1986 B and not more than \$2,000,000 in aggregate principal amount of City of Buckhannon Sewerage System Grant Anticipation Notes, Series 1986; authorizing the City to enter into an agreement with a banking institution for the extension of credit to borrow not more than \$500,000 outstanding at any one time to defray certain costs attendant to the Project (herein defined) providing for the rights and remedies of and security for the registered owners of such Bonds and Notes; authorizing execution and delivery of a trust indenture securing the Notes; authorizing the sale and providing for the terms and provisions of such Bonds and Notes and adopting other provisions relating thereto.

Be It Enacted and Ordained by the Council of the City of Buckhannon, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly required otherwise:

A. "Act" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which shall be the original purchaser of the City of Buckhannon's Sewer Revenue Bonds, Series 1986 originally authorized hereby; provided, however, that the City of Buckhannon must satisfy the legal and other requirements of the Program, as hereinafter defined.

C. "Authorized Officer" means the Mayor of the City of Buckhannon or any other officer of said City specifically designated by ordinance or resolution of the Council of the City as such.

D. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(4) hereof.

E. "Bonds" means the Original Bonds, as hereinafter defined, authorized hereby, and any pari passu additional bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

F. "Bondholder" or "Holder of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

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

H. "City" means the City of Buckhannon, a municipal corporation of the State of West Virginia, and, where appropriate, the Council thereof.

I. "City Recorder" means the Recorder of the City.

J. "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.

K. "Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage systems or facilities that shall at any time hereafter be retained by the City as consulting engineers for the System, as hereinafter defined.

L. "Council" means the Council of the City or any other governing body of the City that succeeds to the functions of the Council as presently constituted.

M. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(E) hereof to be a part of the costs of construction and acquisition of the Project.

N. "Depository Bank" means the bank, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, and any successor thereto, as designated in the Supplemental Resolution.

O. "Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

P. "EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

Q. "EPA Grant" or "Grant" means the grant from the EPA pursuant to the commitment therefor.

R. "Event of Default" means any occurrence or event specified in Section 9.01.

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

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

U. "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.

V. "Grant Agreement" means a written commitment for the payment of the EPA Grant specifying the amount of such grant, the terms and conditions upon which such grant is made and the date or dates or event or events upon which grant is to be paid to the City.

W. "Grant Receipts" means all moneys received by the City on account of the Grant after the date of issuance of the Notes.

X. "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 VIII hereof) or any fee or charge established, levied and collected by the City from persons at the time of, and for the privilege of, making service connections to the System, as hereinafter defined, and for the furnishing by the City of miscellaneous service.

Y. "Independent Certified Public Accountants" means the certified public account or firm of certified public accounts that shall at any time hereafter be retained by the City to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the normal operation of its business and affairs.

Z. "Indenture" or "Trust Indenture" means the Trust Indenture between the City and the Trustee relating to the Notes, as hereinafter defined, and all supplements or amendments thereto.

AA. "Line of Credit" means the agreement made by and between the City and a banking institution authorized to conduct banking business in the State of West Virginia whereby the banking institution agrees to extend to the City from time to time credit to borrow not more than \$500,000 outstanding at any one time to defray the construction costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

BB. "Loan Agreement" means the loan agreement to be entered into between the City and the Authority, pursuant to which the Authority shall agree, subject to the City's satisfying certain legal and other requirements, to purchase the Bonds originally authorized hereby with a portion of the proceeds of the Authority's bonds issued with respect to the Program, as hereinafter defined.

CC. "Mayor" means the Mayor of the City.

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

EE. "Noteholder", "Holder of the Notes", or "Holder of the GANs" or any similar term means any person who shall be the registered owner of any outstanding Note or Notes as hereinafter defined.

FF. "Notes" or "GAN" means the not more than \$2,000,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1986, originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the City.

GG. "Notes Capitalized Interest Account" means the Notes Capitalized Interest Account within the Notes Debt Service Fund established by Subsection 4.01(2)(a) of the Indenture.

HH. "Notes Construction Trust Fund" means the Notes Construction Trust Fund established by Section 4.01(1) of the Indenture.

II. "Notes Cost of Issuance Account" means the Notes Cost of Issuance Account within the Notes Construction Trust Fund established by Subsection 4.01(1)(a) of the Indenture.

JJ. "Notes Debt Service Fund" means the Notes Debt Service Fund established by Subsection 4.01(2) of the Indenture.

KK. "Note Registrar" means the bank to be designated as such in the Supplemental Resolution and its successors and assigns.

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

MM. "Ordinance" means this Ordinance, as hereafter amended or supplemented.

NN. "Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 5.01(2) hereof.

OO. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean the not more than \$4,300,000 in total aggregate principal amount of Subordinated Sewer Revenue Bonds, Series 1986 A and B, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto, which Bonds shall be issued in one or more series as determined by a resolution or resolutions supplemental hereto and which are originally authorized hereby. The 1986 Series A Bonds shall not exceed more than \$2,866,667 in aggregate principal amount and the 1986 Series B Bonds shall not exceed more than \$1,433,333 in aggregate principal amount. The Bonds, in total aggregate principal amount shall be second and subordinate to the lien of the Series 1960 Bonds hereafter defined.

PP. "Original Notes Purchaser" means collectively, Young, Moore & Company of Charleston, West Virginia and Russell, Rea & Zappala, Inc. of Pittsburgh, Pennsylvania, as the original purchaser of the Notes.

QQ. "Other Grants" means any other grant or grants, other than the EPA Grant, from whatever source, received by the City to aid in financing the costs of the Project.

RR. "Outstanding", when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being delivered or all Notes theretofore and thereupon being authenticated and delivered except (i) any Bond or Note cancelled by the Bond Registrar, or Note Registrar, at or prior to said date; (ii) any Bond or Note for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust hereunder or under the Indenture, as applicable, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond or Note deemed to have been paid as provided in Article X hereof or Article VIII of the Indenture, as applicable; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or Noteholders, any Bonds or Notes registered to the City.

SS. "Paying Agent" means the bank or banks designated as such for the Bonds and/or the Notes in the Supplemental resolution.

TT. "Program" means the Authority's loan program, under which the Authority purchases the revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority or any successor to said Program as currently constituted.

UU. "Project" means the extensions, additions, betterments and improvements to the existing sewerage system of the City, to be designed by the Consulting Engineers and to be constructed in accordance with the plans and specifications so designed, subject to the provisions of Section 2.01 hereof.

VV. "PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

WW. "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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government national Mortgage Association;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(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 paid 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

XX. "Registered Owner", "Noteholder", "Bondholder", "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

YY. "Registrar" means as appropriate, either the Bond Registrar or the Note Registrar or both.

ZZ. "Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

AAA. "Reserve Account" means the City of Buckhannon Sewer Revenue Bonds, Series 1986 Reserve Account established in the Sinking Fund, as hereinafter defined, by Section 5.02(1)(a).

BBB. "Reserve Requirement" means as of any date of calculation the maximum amount of principal and interest which will become due on the Bonds in any succeeding Fiscal Year.

CC. "Revenue Fund" means the City of Buckhannon Sewer Revenue Bonds, Series 1986 Revenue Fund, to be created pursuant to Section 5.01(1).

DD. "Sanitary Board" means the Sanitary Board of the City established by ordinance duly enacted by the City and successors to the function thereof.

EE. "Series 1986 A Bonds" means the not more than \$2,866,667 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the City.

FF. "Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

GG. "Series 1986 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 1986 A Bonds in any succeeding Fiscal Year.

HH. "Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

II. "Series 1986 B Bonds" means the not more than \$1,433,333 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the City.

JJJ. "Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

KKK. "Series 1986 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 1986 B Bonds in any succeeding Fiscal Year.

LLL. "Series 1986 B Bonds Sinking Fund" means the Series 1986 B Sinking Fund established by Section 5.02 hereof.

MMM. "Sinking Fund" means the City of Buckhannon Sewer Revenue Bonds, Series 1986 Sinking Fund established by Section 5.02(1).

NNN. "State" means the State of West Virginia.

OOO. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Ordinance and, when preceded by the article "the", refers

specifically to the Supplemental Resolution authorizing the sale of the Notes and the Supplemental Resolution authorizing the sale of the Original Bonds, and the Supplemental Resolution authorizing the Line of Credit and the extension of the credit to the City thereunder, as the case may be; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Notes, Original Bonds, or the Line of Credit, as the case may be, and not so included may be included in another Supplemental Resolution.

PPP. "Surplus Revenues" means the Net Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligation of the City, including the Renewal and Replacement Fund and the Reserve Account, the proceeds of such Bonds or other obligations which are used to pay costs of the Project.

QQQ. "System" means the complete properties of the City for the collection, transportation and treatment of liquid or solid wastes, sewerage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project, and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

SSS. "Trustee" means the banking institution designated as trustee under the Indenture in the Supplemental Resolution and its successors and assigns.

TTT. Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

UUU. Words importing singular number include the plural number in each case and vice versa; words importing the masculine or neuter gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

VVV. The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Ordinance; and the term "hereafter" means after the date of enactment of this Ordinance.

WWW. Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Ordinance so numbered.

Section 1.02. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The City now owns and operates a public sewerage system consisting of a sewerage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, and ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes.

B. The City derives revenues from the System. At the date of enactment hereof, such revenues are pledged and encumbered as follows:

(1) The Sewer Revenue Bonds of the City dated April 1, 1960 (the "1960 Bonds"), issued in the aggregate original principal amount of \$1,000,000, payable as to principal and interest out of revenues of the System, of which original principal amount the sum of approximately \$590,000 remains outstanding on the date of enactment hereof. The 1986 Bonds, Series A and B, are expressly subordinated and junior to the lien in favor of the 1960 Bonds. Upon final redemption of the said 1960 Bonds, the 1986 Series A Bonds shall succeed to the lien position of the 1960 Bonds and the 1986 Series B Bonds shall be, and remain, subordinate and junior thereto.

C. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that there be constructed certain extensions, additions, betterments and improvements to the facilities of the City (the "Project") which constitute properties for the collection of liquid or solid wastes, sewage or industrial waste (the existing facilities, the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$12,437,640, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Sanitary Board and the City Recorder.

D. The Sanitary Board of the City has presented a petition to the City for enactment of this Bond, Notes, and Line of Credit Ordinance.

E. It is deemed necessary for the City to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$4,300,000 in two series, being the Series 1986 A Bonds in the aggregate principal of not more than \$2,866,667 and the Series 1986 B Bonds in the aggregate principal amount of not more than \$1,433,333 (collectively, the Bonds) and contemporaneously therewith, or as soon as practicable thereafter, to issue its Sewerage System Grant Anticipation Notes, Series 1986 in the principal amount of not more than \$2,000,000 to finance costs of construction and acquisition of the Project. Additionally, it is deemed necessary to authorize the City to enter into an agreement with a banking institution for the extension of credit to the City in an amount not to exceed \$500,000 at any one time to defray certain costs attendant to the Project. All of said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes, Bonds, and Line of Credit prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost 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, discount, initial fees for the service of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the Project and the placing of the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to a bank or banks for the issuance of letters of credit, and any costs of obtaining insurance thereon; provided, that reimbursement to the City for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the City for such purposes, shall be deemed Costs of the Project.

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

G. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient to provide for the costs of the operation and maintenance of said system, the principal of and interest on the 1960 Bonds and the Sinking Fund, Reserve Account, Replacement Fund and all other payments provided for therein, the principal of and interest on the Original Bonds and all

Sinking Fund, Reserve Account, Renewal and Replacement Fund and other payments provided for herein.

H. It is in the best interests of the City that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement to be entered into between the City and the Authority, in form satisfactory to the City and the Authority.

I. Other than the 1960 Bonds there are not outstanding any other obligations of the City which will rank prior to or on a parity with the Bonds and the Notes as to lien and source of and security for payment.

J. The City has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, the Notes and the Line of Credit, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the GANs and the Bonds authorized to be issued hereunder by those who shall respectively hold the same from time to time, as well as the acceptance of the Line of Credit by the banking institution extending such credit to the City, this Ordinance shall be deemed to be and shall constitute a contract between the City and such Noteholders or Bondholders or banking institution, and the covenants and agreements herein set forth to be performed by the City shall be for the equal benefit, protection and security of the legal Holders of any and all of such Notes or Bonds or banking institution as the case may be.

ARTICLE II AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project in accordance with plans and specifications therefor prepared by the Consulting Engineers and filed with the Sanitary Board and the City Recorder.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purpose of paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in Supplemental Resolutions, there shall be issued negotiable Original Bonds of the City, in a total aggregate principal amount of not more than \$4,300,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than \$2,866,667 and "Sewer Revenue Bonds, Series 1986 B," in the aggregate amount of \$1,433,333, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes. The proceeds of the Bonds (excluding accrued interest) remaining after capitalization of interest, if any, and payment of the costs of issuance thereof and related costs shall be deposited in the Bond Construction Trust Fund established by Section 5.01(4) hereof.

Section 3.02. Terms of Bonds. The Bonds shall bear interest from the original date of delivery to the payee thereof at such rate or rates, not exceeding 12% per annum, or such other rate as shall then be the legal maximum, payable semi-annually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, but only with the express written consent of the West Virginia Water Development Authority, all as the City shall prescribe in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Commission, through a Paying Agent or Paying Agents selected by the original purchaser or purchasers thereof, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds, shall be paid by check or draft mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each Series, both fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of the Original Bond issue and both shall mature in principal installments, all as provided in the Supplemental Resolution. Said Original Bonds shall be exchangeable at the option and expense of the Bondholder for

other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, 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 may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the City by the Mayor, and the seal of the City shall be affixed thereto or imprinted thereon and attested by the Recorder. The signature of the Mayor and the Recorder may be manual or by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the City before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication on such Bond, substantially in the form set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and registered, and delivered under this Ordinance. The Certificate of Authentication on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer or registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under

the Uniform Commercial Code of the State of West Virginia, and each successive Bondholder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Bondholder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the City, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the City. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the fifteen (15) days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in the discretion of the Council, issue, and the Registrar shall, if so advised by the City, authenticate, and deliver, a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, or 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 Bondholder's furnishing satisfactory indemnity and

complying with such other reasonable regulations and conditions as the City or the Registrar may prescribe and paying such expenses as the City or the Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the City. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond the City 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 City. The Bonds shall not, in any event, be or constitute an indebtedness of the City 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 any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, subordinated only to the lien in favor of the 1960 Bonds and the holders thereof. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, and the Reserve Account therein, hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Series 1986 A Bonds and the Series 1986 B Bonds, respectively, shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF BUCKHANNON
SEWER REVENUE BONDS, SERIES 1986 A

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the City of Buckhannon, a municipal corporation of the State of West Virginia in Upshur County of said State, (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ (\$ _____), in installments on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with a final maturity of this Bond on the 1st day of _____, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Payee and payment therefor and until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____ 1, 19____. The principal of this Bond is payable in any coin or currency which, on the respective dates of payment of principal, 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, through _____ as registrar and paying agent (the "Registrar"). The interest on this Bond is payable by check or draft mailed to the registered owner hereof at the address as it appears on the books of the Registrar on the _____ day of the month preceding an interest payment date.

This Bond is subject to redemption prior to its stated date of maturity as follows:

[REDEMPTION PROVISIONS]

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the West Virginia Water Development Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain extensions, improvements and additions to the existing public sewerage facilities of the City and the financing of the cost not otherwise provided, thereof (the "Project") (the Project, together with the existing sewerage system of the City and any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly enacted by the City on the _____ day of _____, 1986, as supplemented on _____, 19____, (collectively the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance 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 Ordinance.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the City (the "Series 1986 B Bonds") issued in the aggregate principal amount of \$1,433,333, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this series.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, after there has first been paid from said Net Revenues all payments then due and owing on the 1960 Bonds, moneys in the Reserve Account created under the Ordinance for the Bonds of this Series (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which have been issued and remain outstanding, or may be issued pursuant to the Act, both of which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest thereon except from said special fund provided from the Net

Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City 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 to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in any succeeding fiscal year, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Holder of this Bond.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1960, OF THE CITY.

This Bond and the interest thereon is exempt from all taxation by the State of West Virginia or any County, Municipality, political subdivision or agency thereof.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF BUCKHANNON has caused this Bond to be signed by its Mayor and its corporate seal to be hereto affixed or imprinted hereon and attested by its City Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth below:

Dated: _____
as Bond Registrar

By: _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____ the
Sewer Revenue Bond, Series 1986 A, dated _____ of the
City of Buckhannon, West Virginia 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 City with full
power of substitution in the premises.

Dated: _____, _____

In the presence of:

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF BUCKHANNON
SEWER REVENUE BONDS, SERIES 1986 B

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the City of Buckhannon, a municipal corporation of the State of West Virginia in Upshur County of said State, (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee") the sum of _____ (\$_____), in _____ equal installments of \$_____ each, on _____ 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with a final maturity of this Bond on the 1st day of _____, _____, all with no interest thereon.

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, through _____, as registrar and paying agent (the "Registrar").

This Bond may be redeemed prior to its stated date of maturity in whole or in part of any time, but only with the express written consent of West Virginia Water Development Authority.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, improvements and additions to the existing public sewerage facilities of the City and the financing of the cost not otherwise provided, therein (the "Project") (the Project, together with the existing sewerage system of the City and any improvements and extensions thereto, is hereinafter referred to as the "System") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the

authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly enacted by the City on the _____ day of _____, 1986, as supplemented on _____, 19____, (collectively the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance 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 Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on the Series 1960 Bonds and the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Ordinance for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which have been issued and remain outstanding or may be issued pursuant to the Act both of which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City 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 to provide for the proper and reasonable expenses of operation, repair, replacements and maintenance of the System, and to leave a balance of each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations payable from such revenues, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series A Bonds sufficient moneys to pay the maximum amount of principal and interest which will become due on all obligations payable from such net revenues which may be issued in any succeeding fiscal year, such percentage may be reduced to 110%. The City has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided

in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Bond Registrar, kept for that purpose at the office of the Bond Registrar by the Payee, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Payee or its attorney duly authorized in writing.

This Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the Holder of this Bond.

This Bond and the interest thereon is exempt from all taxation by the State of West Virginia or any County, Municipality, political subdivision or agency thereof.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1960 AND SERIES 1986 A, OF THE CITY, THE LATTER BEING ISSUED CONCURRENTLY HERewith AND DESCRIBED IN THE ORDINANCE (THE "SERIES 1986 A BONDS").

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the City for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the CITY OF BUCKHANNON has caused this Bond to be signed by its Mayor and its corporate seal to be hereto affixed or imprinted hereon and attested by its City Recorder, and has caused this Bond to be dated _____, 1986.

[SEAL]

Mayor

ATTEST:

City Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth below:

Dated: _____
as Bond Registrar

By: _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

_____ the
Sewer Revenue Bond, Series 1986 B, dated _____ of the
City of Buckhannon, West Virginia 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 City with full
power of substitution in the premises.

Dated: _____, _____

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement and the Program. The Mayor is specifically authorized and directed to execute the Loan Agreement in such form as may be approved by Supplemental Resolution, and the City Recorder is directed to affix the seal of the City, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

NOTES AND LINE OF CREDIT

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the City shall issue and sell its Notes in the aggregate principal amount of not to exceed \$2,000,000. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and the Supplemental Resolution.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture (which Indenture in substantially the form to be executed and delivered by the City is attached hereto as "Exhibit A" and made a part hereof).

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the City payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. The Notes do not and shall not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the Notes. The Noteholders shall never have the right to compel the forfeiture of any property of the City. The Notes shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the City may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or

banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$500,000 in the aggregate. In the event of a draw under any such letter of credit, the City shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

Section 4.05. Authorization and General Terms of the Line of Credit. In order to pay certain Costs of the Project pending receipt of the Grant Receipts the City may enter into an agreement with a banking institution for the extension of credit not to exceed \$500,000 in principal amount outstanding at any one time during the period of construction of the Project. The Line of Credit shall bear interest from the date, at such rate, payable on such date, shall mature on such date and be subject to such repayment as shall be provided for in the Supplemental Resolution. Provided, however, the rate of interest on the Line of Credit shall not exceed 12% per annum.

Section 4.06. Line of Credit as Special Obligation. The Line of Credit provided for and authorized in Section 4.05 above shall be a special obligation of the City payable as to principal and interest solely from the respective sources described in the Granting Clauses and Article III of the Indenture. Borrowing under the Line of Credit does not and shall not constitute corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. The general funds of the City are not liable and neither the full faith and credit nor taxing power of the City is pledged for the payment of the Line of Credit. The banking institution extending credit under the Line of Credit shall never have the right to compel the forfeiture of any property of the City. The Line of Credit shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues other than as herein provided.

ARTICLE V

SECURITY OF BONDS

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank.:

- (1) Revenue Fund;
- (2) Operation and Maintenance Fund;

- (3) Renewal and Replacement Fund; and
- (4) Bond Construction Trust Fund.

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

- (1) Series 1986 A Bonds Sinking Fund;
 - (a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.
- (2) Series 1986 B Bonds Sinking Fund;
 - (a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. From the Gross Revenues derived from the operation of the System there shall be subtracted the sum necessary to pay the debt service on the Series 1960 Bonds. After the payment of the foregoing, the then remaining Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund hereunder. The Revenue Fund shall constitute a trust fund for the purposes provided in this Ordinance and shall be kept separate and distinct from all other funds of the City and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The City shall first, each month, transfer from the Revenue Fund and deposit in the Operation and Maintenance Fund an amount sufficient to pay current Operating Expenses of the System.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the City shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Series 1986 A Bonds from Net Revenues, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-sixth (1/6) of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semi-annual interest payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making interest

payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Sinking Fund and the next semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(3) The City shall also, on the first date of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to one-twelfth ($1/12$) of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any investment earnings on sums previously deposited in the Series 1986 A Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 A Bonds.

(4) The City shall also, on the first day of each month, commencing thirteen (13) months prior to the first day of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to one one-hundred and twentieth ($1/120$) of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 A Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1986 A Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account in the Series 1986 A Bonds Sinking Fund shall be used only for the purpose of paying principal of or interest on the Series 1986 A Bonds, as the same shall come due, when other moneys in the Series 1986 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 A Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 A Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 A Bonds.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Series 1986 A Bonds have been made in full.

(5) The City shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund or into the Series 1986 B Sinking Fund or into the Reserve Accounts in said Sinking Funds when the aggregate amount of funds in both said Sinking Funds and said Reserve Accounts are at least equal to the aggregate principal amount of Bonds issued pursuant to this Ordinance then Outstanding; plus the amount of interest due or thereafter to become due as of the next annual payment date on said Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1986 A Bonds are issued, provision shall be made for additional payments in said Series 1986 A Bonds 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 Series 1986 A Bonds Reserve Account in said Series 1986 A Bonds Sinking Fund in an amount equal to the maximum provided and required to be paid into the Series 1986 A Bonds Sinking Fund in any Fiscal Year for account of all the Series 1986 A Bonds, including such additional Bonds which by their terms are payable from said Series 1986 A Bonds Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the respective Revenue Funds by the City at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The respective Sinking Funds, including the respective Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1986 A and Series 1986 B Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

(6) Thereafter, from the moneys remaining in the Revenue Fund, the City shall next, on the first day of each month, commencing with the month next succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Series 1960 Bonds and the accounts thereunder and the Reserve Accounts in the Sinking Funds hereunder. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiency in either Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.01(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(7) The City shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve Account for the purpose of making principal payments and investment earnings on sums previously deposited in the Series 1986 B Bonds Sinking Fund for the purpose of making principal payments on the Series 1986 B Bonds.

(8) The City shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 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 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of the Series 1986 B Bonds as the same shall become due. Moneys in the Series 1986 B Bonds Reserve Account in the Series 1986 B Bonds Sinking Fund shall be used only for the purpose of paying principal of the Series 1986 B Bonds, as the same shall come due, when other moneys in the Series 1986 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1986 B Bonds Reserve Account shall be transferred, not less than once each year, to the Series 1986 B Bonds Sinking Fund and applied in full to the next ensuing principal payment due on the Series 1986 B Bonds.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A and Series 1986 B Bonds Sinking Funds for payment of debt service on the Bonds have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B 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 Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the City at the times provided herein.

8. Whenever all of the required and provided transfers and payments from the respective Revenue Funds into the several special funds, as hereinbefore provided, are current as well as the payments required for the Series 1960 Bonds, and there remains in said Revenue Funds a balance in excess of the estimated amounts required to be so transferred

and paid into the respective Sinking Funds, including the Reserve Accounts therein, and the Renewal and Replacement Fund during the following month, such excess shall be considered as surplus revenues (the "Surplus Revenues"). Surplus Revenues may be used for any lawful purpose of the City, including a pledge to and payment of GANS.

C. The City shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges and the Paying Agent fees then due.

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

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

F. All remittances made by the City to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. Any accrued interest received from the sale shall be deposited in the Sinking Fund and applied to the first interest payment due on the Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this

section and together with the earnings thereon, shall be at least sufficient to pay interest on the Bonds for the period specified in the Supplemental Resolution shall be deposited in the Sinking Fund; provided, that such period may not extend beyond the date which is six (6) months after the estimated date of completion of construction of the Project.

C. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project.

D. The Depository Bank shall act as a trustee and fiduciary for the Holder or Holders of the Bonds with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Indenture. Moneys in the Bond Construction Trust Fund shall be used solely to pay costs of the Project and until so expended, are hereby pledged as additional security for the Bonds and are subject to a lien in favor of the Holder or Holders until such proceeds are applied to the construction of the Project, which shall include the repayment of any incidental interim financing for non-construction costs.

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the City, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02 Bonds, Notes and Line of Credit Not To Be Indebtedness of the City. Neither the Bonds, the Notes nor the Line of Credit shall be or constitute a corporate indebtedness of the City within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable solely from the special funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds or Notes or any banking institution extending credit under the Line of Credit herein provided, shall ever have the right to compel the exercise of the taxing power of the City to pay said Bonds, Notes, or Line of Credit or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A Bonds issued hereunder shall be secured forthwith equally and ratably by a second lien subordinate to Series 1960 Bonds on the Net Revenues derived from the operation of the System, and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Series 1986 A Bonds, to the extent necessary to make the payments required under Section 5.03 of this Ordinance. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1986 A Bonds and Series 1986 B Bonds and to make the payments into the respective Sinking Funds, including the respective Reserve Accounts therein, and all other payments provided for in this Ordinance are hereby irrevocably pledged, in the manner provided in therein, to the payment of the principal of and interest on the Series 1986 A Bonds and the Series 1986 B Bonds as the same become due, and for the purposes provided in this Ordinance.

Section 7.04. Initial Schedule of Rates and Charges; Rules. The initial schedule of rates and charges for the services and facilities of the System shall be set forth in the ordinance of the City dated _____, 1986.

Section 7.05. Sale of the System. 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 Series 1960 Bonds, the Bonds and Notes, if any, Outstanding or any remaining balance of the Line of Credit, or to effectively defease this Ordinance in accordance with Section 10.01 hereof and, if not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any

such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, in the event the Authority is no longer a Bondholder, the City shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of the Series 1960 Bonds, the Series 1986 A and B Bonds and all interest thereon shall be remitted to the City by the Commission unless necessary for the payment of other obligations of the City payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay in full the Notes shall be remitted to the Trustee for deposit in the Notes Debt Service Fund, to apply to the payment of the Notes, prior to maturity if allowable under the Supplemental Resolution. With respect to the Line of Credit, such proceeds in an amount sufficient to pay in full the Line of Credit then Outstanding shall be remitted to the banking institution extending credit to the City thereunder.

The foregoing provision notwithstanding, and as may otherwise be provided in respect to the Series 1960 Bonds, the City 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 for such properties, is not in excess of \$10,000, the City shall, by resolution, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and may then provide for the same of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together 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 City 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 advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000 shall be remitted by the City to the Commission for deposit in the Sinking Fund and

shall be applied only to the purchase of Bonds of these last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds in the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance. No sale, lease, or other disposition of the properties of the System shall be made by the City 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 the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The City shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The City shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and this Ordinance; and, so long as any of the Bonds are Outstanding, the City shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the City after the issuance of the Series 1986 A Bonds and the Series 1986 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current. Provided, however, the foregoing shall not preclude the City from entering into the Line of Credit Agreement for the purpose of providing funds for the acquisition and construction of the Project. In this respect, the City may provide for a lien equal in rank to the

foregoing lien during the period of construction. Provided, further, however, such lien in favor of the banking institution extending credit under the Line of Credit shall, be subordinated to the lien in favor of the Holders of the Bonds, unless the Authority shall otherwise direct.

Except as provided above, the City shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrances or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof.

Section 7.07. Additional Parity Bonds. No additional parity Bonds, as in this section defined, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Recorder a written statement by the Independent Certified Public Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any twelve (12) consecutive months, within the eighteen (18) months immediately preceding the date of the actual issuance of such additional parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years after the completion of the improvements to be financed by such additional parity Bonds, shall not be less than one hundred and fifteen percent (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:

(A) The Series 1960 Bonds then Outstanding;

(B) The 1986 Series A and B Bonds then Outstanding;

(C) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(D) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of three (3) succeeding year", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such additional parity Bonds and (b) any increase in rates enacted by the City, the period for appeal of which has expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional parity Bonds.

The Net Revenues actually derived from the system during the twelve (12) consecutive month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the City shall have entered into written contracts for the immediately construction or acquisition of such additions, betterments or improvements, if any, to the system that are to be financed by such additional parity Bonds.

The term "Additional Parity Bonds", as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section, payable from the revenues of the System on a parity with the Series 1986 B Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such Additional Parity Bonds inconsistent herewith) shall be for the equal

benefit, protection and security of the Holders of the Bonds and the Holders of any Additional Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Additional Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

All Additional Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Additional 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 1960 Bonds and both the Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The City shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with either the Series 1960 Bonds or the Series 1986 A Bonds or the Series 1986 B Bonds.

No Additional Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for as to the Series 1960 Bonds and in this Ordinance with respect to the Bonds then Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the City shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

Notwithstanding the foregoing, Additional Parity Bonds may be issued solely for the purpose of completing the Project without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the City the written consent of the holders of the Series 1960 Bonds and the Authority to the issuance of such Additional Parity Bonds.

Section 7.08. Books and Records. The City will keep books and records of the System, which shall be separate and apart from and other books, records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Ordinance or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the City 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 City. 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 Council. The Council 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 Council shall be reported to such agent of the City as the Council shall direct.

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

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

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

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

The City shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and made available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or the then Holder of the Bonds.

Section 7.09. Rates. Prior to the issuance of the Bonds, equitable rates or charges for the use of and service rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. The City shall take the necessary actions with respect to the imposition of rates at such times and with such provisions with respect to interest rate and maturity of the Bonds to finance the issuance of the Bonds as the purchasers thereof shall require. 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 City hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all proper and reasonable expenses of operation, repair, replacement and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred and fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account, such balance each Fiscal Year need only equal at least one hundred and ten percent (110%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The City shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the City shall have approved such findings and recommendation by a resolution duly adopted. No increase expenditures in excess of ten percent (10%) of the

amount of such budget shall be made except upon further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The City shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall request in writing that copies of all such budgets and resolutions be furnished him or her and shall made available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and on behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the City shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the City is in compliance with the terms and provisions of this Ordinance and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the City 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 City will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the City, 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 thirty (30) days after the same shall become due and payable, the property and 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid, shall become a lien on the premises served by the System. The City 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 and facilities of the System and any services and facilities of the water system, if then owned by the City, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of services, has been fully paid.

Section 7.13. No Free Services. The City 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; in the event the City, or any department, agency, instrumentality officer or employee or the City 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 City 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. The City hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the City will, to the extent the same is available, 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:

A. 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 City will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City 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 City during construction of the Project in the full insurable value thereof.

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

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR: AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of one hundred percent (100%) of the construction contract and to be required of each contractor contracting directly with the City, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with Chapter 38, Article 2, Section 39 of the West Virginia Code of, 1931, as amended.

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 City and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a thirty (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 City and a public nuisance which shall be

abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion of Project. The City will complete the Project and operate and maintain the System in good condition.

Section 7.17. Rebate to the United States. In the event that H. R. 3838 (The Tax Reform Act of 1985) or similar legislation becomes law and is applicable to the Bonds or Notes or both, the City agrees to pay to the United States an amount equal to the sum of the excess of (a) the aggregate amount earned on all nonpurpose investments (other than investments attributable to such excess) over (b) the amount which would have been earned if all nonpurpose investments was invested at a rate equal to the yield on such Bonds or Notes, plus any income attributable to such excess. The amount to be paid to the United States by the City shall be paid at such time and place as required by the Act or similar legislation in installments at least once every five years commencing on the fifth anniversary date of the issuance of the Bonds. The last installment shall be paid not later than 30 days after the day on which the last Bond of Note is redeemed or paid.

Section 7.18. Compliance with Tax Laws. On December 17, 1985 The House of Representative passed the Tax Reform Act of 1985 (H. R. 3838). The Senate has yet to act on this legislation. However, the City agrees that if H. R. 3838 or similar legislation becomes law and such law is applicable to the Bonds or Notes, this Ordinance shall be amended in order to comply with such legislation and in order to maintain the tax exempt status of the Bonds or Notes. In particular, without excluding reference to any other portion of H. R. 3838 that may become law, the City hereby covenants that it will expend 5% of the bond proceeds within thirty (30) days of closing on the Bonds.

Section 7.19 Restrictions as to Arbitrage Bonds. The City hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and an Authorized Officer of the City shall deliver his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds. Further, prior to the time that the City receives an opinion from Bond Counsel that the provisions of H. R. 3838 or any similar legislation is not applicable to the

Bonds or Notes, the City covenants that other than for a temporary period, the yield on the Bond proceeds shall not exceed the yield on the Bonds by more than .125 on and after such date, which is the date that the Consulting Engineer certifies to the City, Bond Counsel and the Authority that the project is 90% complete.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Ordinance or the Indenture, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Trustee, or the Depository Bank holding such fund or account, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under the applicable laws, this Ordinance, and the Indenture, the need for such moneys for the purposes set forth herein and in the Indenture and the specific restrictions and provisions set forth in this Section 8.01 and in the Indenture.

Except as provided in the Indenture, 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. The Commission, the Trustee, or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee or the Depository Bank, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

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 Bonds or Notes, as the case may be.

(A) If default occurs in the due and punctual payment of the principal of or interest on either the Series 1960 Bonds or any Bonds or Notes, as the case may be, issued hereunder;

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Bonds or Notes set forth in this Ordinance, and Supplemental Resolution, the Indenture or in the Bonds or Notes, and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by the Trustee, the Depository Bank holding any fund or account hereunder or a Holder of the Bond or Note or the banking institution extending credit to the City under the Line of Credit;

(C) If the City files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

An "Event of Default" with respect to the Bonds shall not constitute an Event of Default with respect to the Notes and vice versa.

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

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 City under this Ordinance and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of

the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner shall, in addition to all other remedies or rights, have the right to appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the City 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 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 Ordinance 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 City exercise all the rights and powers of the City respect to said facilities as the City itself might do.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Ordinance for Reserve Account, Sinking Fund 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 Ordinance shall have been cured and made good, possession of the System shall be surrendered to the City upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner 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 City and for the joint protection and benefit of the City and Registered Owners. Such receiver shall have no power to sell, assign,

mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the City and Registered Owners and the curing and making good of any Event of Default with respect thereto under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, or otherwise dispose of any assets of the Systems.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the City pay or cause to be paid, or there shall be otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Ordinance, then with respect to the Series 1986 A Bonds only the respective pledge of Net Revenues, and other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the City to the Registered Owners of the Series 1986 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A Bonds, for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Series 1986 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 1986 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, 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, its agent, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Series 1986 A Bonds, on and prior to 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 respective principal of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 respective principal of and interest to become due on said Bonds, on and prior to such maturity dates thereof, and interest earned from such investments shall be paid over to the City as received by the Commission, its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1986 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to 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 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Series 1986 B Bonds on and prior to the maturity dates thereon, and interest earned from such reinvestments shall be paid over the City as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the City shall pay or cause to be paid, or these shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Ordinance, the Indenture and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the City to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

Section 11.02. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the City and the Registered Owners of the Bonds and Notes, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance 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 effect any of the remaining provisions of this Ordinance.

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. Amendments to Maintain Tax Exemption. The City hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the Notes or Bonds to be issued in such form as to render the interest thereon exempt from federal income taxation.

Section 11.06. Conflicting Provisions Repealed. Other than as is provided in the Ordinance authorizing the issuance of the Series 1960 Bonds, adopted March 26, 1960, all ordinances, orders or resolutions and/or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The City covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the City Council were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Time. This Ordinance shall take effect after notice and public hearing hereon in accordance with the Act.

Section 11.09. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, determined

by the City to contain sufficient information as to give notice of the contents hereof, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in a newspaper of general circulation in the City together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Notes and Bonds, and the entering into the Line of Credit, and that any person interested may appear before the Council upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the City for review by interested parties during the office hours of the City.

At such hearing, all objections and suggestions shall be heard and the City Council shall take such action as it shall deem proper in the premises.

Passed on First Reading	<u>May 16</u> , 1985
Passed on Second Reading	<u>February 6</u> , 1986
Passed on Third Reading	<u>February 20</u> , 1986
Effective following public hearing held on	<u>March 6</u> , 1986

[SEAL]

James C. Cooper
Mayor

ATTEST:

Elyth G. Foundation
City Recorder

Certified a true copy of an Ordinance duly enacted and adopted by the Council of the City of Buckhannon this 12 day of March, 1986.

[SEAL]

Elyth G. Foundation
City Recorder

TRUST INDENTURE

THIS TRUST INDENTURE, dated as of _____ 1, 1986, by and between the CITY OF BUCKHANNON, a municipal corporation organized and existing under the laws of the State of West Virginia, herein called the "City" and _____, a _____ banking corporation authorized to accept and execute trusts and covenants of the character herein set forth, herein called the "Trustee".

WHEREAS, capitalized words and phrases used in these Preambles and the Granting Clauses below and not otherwise defined in these Preambles or said Granting Clauses shall have the respective meanings given them in Section 1.01 of this Indenture and Section 1.01 of the Ordinance as hereinafter defined;

WHEREAS, by the Ordinance, the Council of the City duly authorized construction and acquisition of the Project at an estimated cost of \$_____, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed in the office of the City Recorder and with the Sanitary Board;

WHEREAS, all necessary licenses, permits and/or approvals of governmental agencies and departments have been obtained for the construction and acquisition of the Project and operation of the System to the extent obtainable, and, to the extent not yet obtainable, no difficulty is expected by the City or the Consulting Engineers in obtaining such licenses, permits and/or approvals;

WHEREAS, the City has received or contemplates receiving certain Grant Receipts for the construction and acquisition of the Project, including the proceeds of the EPA Grant expected to be received prior to maturity of the Notes in the approximate amount of \$_____, and the City has entered into an assistance agreement with the EPA, pursuant to which the EPA will reimburse the City for approximately ____% of the Eligible Costs of the Project incurred by the City and eligible for such ____% reimbursement;

WHEREAS, it is deemed necessary for the City to issue its Original Bonds, in the total aggregate principal amount of up to \$4,300,000.00, to finance a portion of the Ineligible Costs;

WHEREAS, it is deemed necessary for the City to issue its Notes, in the aggregate principal amount not to exceed \$2,000,000.00, to finance Eligible Costs pending receipt of the Grant Receipts;

WHEREAS, the City has determined, as set forth in the Ordinance, that the City shall issue the Notes and shall enter into this Indenture to secure the Notes in the manner set forth herein;

WHEREAS, the Notes originally authorized hereby and the Registrar's certificate of authentication and registration to be endorsed thereon are all to be in substantially the form set forth in Exhibit A attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture or the Ordinance or deemed necessary by the Trustee and the City; and

WHEREAS, all things necessary to make the Notes, when authenticated and registered by the Registrar and issued as in this Indenture provided, the valid, binding and legal special obligations of the City according to the import thereof, and to constitute this Indenture a valid pledge and assignment of those funds pledged to the payment of the principal of and interest on the Notes and a valid pledge and assignment of the rights of the City in the Grant Receipts and other moneys, including investment income and unexpended proceeds, held in the funds and accounts established by this Indenture, the net proceeds of any refunding notes or other obligations issued to pay all or a portion of the principal of or interest on the Notes and the Surplus Revenues have been done and performed; and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Notes, subject to the terms thereof, have in all respects been duly authorized and will not result in any breach of, or constitute a default under, any instrument to which the City is a party or by which it may be bound or affected;

NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:

GRANTING CLAUSES

The City, in consideration of the premises and the acceptance by the Trustee of the Trust Estate hereby created, of the purchase and acceptance of the Notes by the Original Notes Purchaser and the Registered Owners thereof and of other good and lawful consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and interest on the Notes according to their tenure and effect and to secure the performance and observance by the City of all the covenants expressed or implied herein and in the Notes, has executed this Indenture and does hereby grant, bargain, sell, convey, pledge and assign the following to, and

does hereby confirm and grant a security interest in the following in _____, as Trustee, and its successors in trust and assigns forever, all and singular the property hereinafter described, to wit:

FIRST GRANTING CLAUSE

All right, title and interest of the City in and to the Grant Receipts and other moneys, including investment income and unexpended Notes proceeds, held in the Notes Capitalized Interest Account, the Notes Construction Trust Fund and the Notes Debt Service Fund established by this Indenture.

SECOND GRANTING CLAUSE

The Surplus Revenues, if any.

THIRD GRANTING CLAUSE

All right, title and interest of the City in and to the net proceeds of any refunding notes or other obligations issued for the purpose of paying all or a portion of the principal of or interest on the Notes.

FOURTH GRANTING CLAUSE

All moneys and securities and all other rights of every kind and nature from time to time hereafter by delivery or by writing or any kind pledged, assigned or transferred as and for additional security for the Notes hereunder to the Trustee by the City or by anyone in its behalf, or with its written consent.

SUBJECT TO THE TERMS HEREOF, TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, and the rights and privileges hereby conveyed, pledged and assigned by the City, or intended so to be, unto the Trustee and its successors and assigns forever, in trust, nevertheless, for the equal and proportionate benefit, security and protection of each and every Holder of the Notes issued under and secured by this Indenture, without preference, priority or distinction as to the lien, benefit and protection hereby of one of such Notes over or from the others for any reason whatsoever except as herein otherwise expressly provided, so that each and all of such Notes shall have the same right, lien and privilege under this Indenture and shall be equally secured hereby;

PROVIDED, HOWEVER, and these presents are upon the express condition, that, if the City or its successors or

assigns shall well and truly pay or cause to be paid the principal of and interest on the Notes, according to the provisions set forth in the Notes and each of them, or shall provide for the payment or redemption of such Notes by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment thereof when and as authorized by the provisions hereof, including Section 8.01, and shall also pay or cause to be paid all other sums payable with respect to the Notes hereunder by the City, then these presents and the Trust Estate and rights hereby granted shall cease, determine and become void; otherwise, this Indenture shall be and remain in full force and effect.

IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the parties hereto that the Notes issued hereunder are to be issued, authenticated, registered and delivered, and that the Trust Estate is to be held and applied, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the City, for itself and its successors and assigns, does hereby covenant and agree to and with the Trustee and its respective successors and assigns in said trust, for the benefit of the Holders of the Notes, or any of them, as set forth in this Indenture:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All capitalized terms used herein and not defined below shall have the meanings respectively set forth in Section 1.01 of the Ordinance, as hereinafter defined. In addition, the following terms shall have the following meanings in this Indenture, unless the context expressly requires otherwise.

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 of the Ordinance.

"City" means the City of Buckhannon, a municipal corporation of the State of West Virginia, and, where appropriate, the Council thereof.

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

"Consulting Engineers" means Kelley, Gidley, Blair & Wolfe, Consulting Engineers, Charleston, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of

sewerage systems or facilities that shall at any time hereafter be retained by the City as consulting engineers for the System, as hereinafter defined.

"Costs" or "Costs of the Project" means those costs described in Subsection 1.03(E) of the Ordinance to be a part of the costs of construction and acquisition of the Project, as hereinafter defined.

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

"EPA Grant" or "Grant" means the grant from the EPA pursuant to the commitment therefor.

"Event of Default" means any occurrence or event specified in Section 6.01.

"FDIC" means the Federal Deposit Insurance Corporation or any successor to the functions thereof.

"Fiduciaries" means the Trustee, the Registrar and the Paying Agent all as hereinafter defined, as required by the context.

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

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant specifying the amount of such grant, the terms and conditions upon which such grant is made and the date or dates or event or events upon which grant is to be paid to the City.

"Grant Receipts" means all moneys received by the City on account of the Grant after the date of issuance of the Notes.

"Indenture" or "Trust Indenture" means the Trust Indenture between the City and the Trustee relating to the Notes, as hereinafter defined, and all supplements or amendments thereto.

"Ineligible Costs" means the Costs of the Project which are not reimbursable in full on a dollar for dollar basis from EPA Grant Receipts, the total of which are equal to the aggregate Costs of the Project, less the amount of the EPA Grant.

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

"Noteholder", "Holder of the Notes", or "Holder of the GANs" or any similar term means any person who shall be the registered owner of any outstanding Note or Notes.

"Notes" or "GAN" means the not more than \$2,000,000.00 in aggregate principal amount of Sewerage System Grant Anticipation Notes, Series 1986, originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the City.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund established by Section 4.01(1).

"Notes Debt Service Fund" means the Notes Debt Service Fund established by Subsection 4.01(2).

"Ordinance" means collectively the Note, Bond and Line of Credit Ordinance enacted by the City authorizing the issue and sale of the Notes, Bonds and Line of Credit, as supplemented and amended.

"Original Notes Purchaser" means Young, Moore & Company, of Charleston, West Virginia and Russell, Rea & Zappala, Inc. of Pittsburgh, Pennsylvania.

"Paying Agent" means the bank or banks designated as such for the Notes in the Supplemental Resolution.

"Project" means the extensions, additions, betterments and improvements to the existing sewerage system of the City, to be designed by the Consulting Engineers and to be constructed in accordance with the plans and specifications so designed, subject to the provisions of Section 2.01 of the Ordinance.

"PSC" means the Public Service Commission of West Virginia or any other agency of the State that succeeds to the functions of the PSC.

"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; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Tennessee Valley Authority; Washington Metropolitan Area Transit Authority; or the Government National Mortgage Association;

(d) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are 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 such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account; and

(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 paid 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; and

(h) The Investment Agreement by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution.

"Registrar" means the bank to be designated in the Supplemental Resolution as Registrar for the Notes and its successors and assigns.

"Sanitary Board" means the Sanitary Board of the City established by ordinance duly enacted by the City and successors to the function thereof.

"State" means the State of West Virginia.

"System" means the complete properties of the City for the collection, transportation and treatment of liquid or solid wastes, sewerage or industrial wastes, in its entirety or any integral part thereof, and shall include the existing facilities, the Project, and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

"Trustee" means the banking institution designated as trustee under the Indenture in the Supplemental Resolution and its successors and assigns.

"Trust Estate" means the property, rights, moneys, securities and other amounts pledged and assigned to the Trustee pursuant to the Granting Clauses hereof.

Additional terms and phrases are defined in this Indenture as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

Words importing singular number include the plural number in each case and vice versa; words importing the masculine or neuter gender include every other gender; and words importing persons include firms, partnerships, associations and corporations.

The terms "herein", "hereunder", "hereby", "hereto", "hereof" and any similar terms refer to this Indenture; and the

term "hereafter" means after the date of enactment of this Indenture.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Indenture so numbered.

ARTICLE II

THE NOTES

Section 2.01. Authorization and Terms of Notes. The Notes originally issued hereunder shall be designated "Sewerage System Grant Anticipation Notes, Series 1986". Such Notes shall be in the aggregate principal amount of \$2,000,000.00; shall be dated _____, 1986; shall bear interest from the interest payment date preceding the date of authentication and registration of each Note or, if such Note is authenticated and registered on an interest payment date, from the date of authentication and registration or, if such Note is authenticated and registered prior to _____, from _____, 19____, at the rate of _____ percent (____%) per annum, payable from the funds provided therefor in accordance with Article IV, semiannually on _____ and _____ of each year, commencing _____, 19____ upon original issuance; shall mature on _____, 19____; and shall be subject to redemption or prepayment prior to maturity in whole but not in part, at any time on or after _____, 19____, at a redemption price equal to the principal amount thereto plus accrued interest to the date of redemption, without premium.

Notice of any redemption of the Notes shall be given by the Registrar by certified or registered mail to all Noteholders to be redeemed at the addresses shown on registry books maintained by the Registrar, not less than 30 days prior to the date fixed for redemption, stating the redemption price and the place or places where payment of the redemption price will be made.

Interest on the Notes shall be payable by check or draft to be mailed by the Paying Agent to the Holder thereof at the address shown on the registry books maintained by the Registrar as of the 15th day of the month next preceding such interest payment date. Principal of the Notes shall be payable upon surrender of such Notes at the principal office of the Paying Agent in any coin or currency which, on the date of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America.

The Notes shall be issued in fully registered form, numbered from R-1 upward in denominations of \$5,000 or any integral multiples thereof.

Section 2.02. Execution of Notes. The Notes shall be executed in the name of the City by the facsimile signatures of the Mayor and the City Recorder, and a facsimile of the seal of the City shall be imprinted thereon; provided, that the authentication signature of the Registrar must be manual. In case any one or more of the officers who shall have signed or sealed any of the Notes shall cease to be such officer before the Notes so signed and sealed shall have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Notes may be signed and sealed on behalf of the City by such person as at the actual time of the execution of such Notes shall hold the proper office, although at the date of such Notes such person may not have held such office or may not have been so authorized.

Section 2.03. Authentication. No Note shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication and registration on such Note, substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, shall have been duly and manually executed by the Registrar. Any such executed certificate of the Registrar upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Indenture. The certificate of authentication on any Note shall be deemed to have been executed by it if signed by the Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Notes issued hereunder.

Section 2.04. Form of Notes. The Notes originally issued under this Indenture shall be substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference, with such appropriate variations, omissions and insertions as are permitted or required by this Indenture or the Ordinance or deemed necessary by the Registrar and the City.

Section 2.05. Delivery of Notes. Upon the execution and delivery of this Indenture, the City shall execute and deliver the Notes to the Registrar, and the Registrar shall authenticate the Notes to be issued in the aggregate principal amount of up to \$2,000,000.00 and, upon receipt of the documents set forth below by the Trustee and instructions from the Trustee, shall authenticate and deliver them to the

Original Notes Purchaser as directed by the City and as hereinafter in this Section 2.05 provided.

Prior to the delivery by the Registrar of any of the Notes, there shall be filed with the Trustee and the Trustee shall certify to the Registrar as to the receipt:

(A) A copy, duly certified by the City Recorder, of the Ordinance authorizing the execution and delivery of this Indenture and the issuance and sale of the Notes;

(B) An original executed counterpart of this Indenture.

(C) A signed opinion of nationally recognized bond counsel to the effect that the City has the right and power to authorize, execute, deliver and perform its obligations under this Indenture and the Notes, that the City has taken all steps necessary to authorize the execution, delivery and performance of its obligations under this Indenture, that the issuance of the Notes has been duly authorized and that all conditions precedent to the issuance thereof contained in this Indenture have been fulfilled, that the Indenture creates the valid pledge of the Trust Estate which it purports to create, and, upon the execution, authentication and delivery thereof, the Notes will be duly and validly issued and will constitute valid and binding special obligations of the City entitled to the benefits of this Indenture; and

(D) A request and authorization to the Registrar on behalf of the City, signed by the Mayor, to authenticate and deliver the Notes to the Original Notes Purchaser upon payment to the Trustee, but for the account of the City, of a sum specified in such request, plus interest accrued thereon to the date of delivery, the proceeds of which payment shall be paid over to the Trustee and deposited to the credit of the funds and accounts specified in Article IV hereof.

Section 2.06. Negotiability, Transfer and Registration. The Notes shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State, but each of such Notes may only be transferred by transfer of the registration thereof as hereinafter provided. Each Note shall be transferable without service charge, except to the City, upon the books required to be kept pursuant to Section 2.08 hereof, by the Holder thereof, in person or by his attorney duly authorized in writing, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. The Notes shall be

exchangeable for a Note or Notes of authorized denominations also at the principal office of the Registrar.

For every exchange or transfer of Notes, the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer, but the City shall pay any service charge in connection with transfer. No transfer or exchange may be made of Notes which have been called for redemption or during the period beginning the 15th day of the month next preceding an interest payment date and ending on the day next preceding such interest payment date.

Section 2.07. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the City may, in the discretion of the Council, authenticate and deliver a new Note of like tenor as the Note so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Note upon surrender and cancellation of such mutilated Note or in lieu of and substitution for the Note destroyed, stolen or lost and upon the Holder's furnishing the Council proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Trustee may prescribe and paying such expenses as the Trustee may incur. The Notes so surrendered shall be cancelled by the Registrar. If such Note shall have matured or be about to mature, instead of issuing a substitute Note, the City may pay the same, upon being indemnified as aforesaid, and, if such Note be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Note issued pursuant to this section shall constitute an original, additional contractual obligation on the part of the City, whether or not the lost, stolen or destroyed Note be at any time found by any one, and such Note believed to have been, or which had been, lost, stolen or destroyed shall be cancelled. Such duplicate Notes shall be entitled to equal and proportionate benefits and rights as to lien on and source of security for payment from the obligations originally authorized for the purpose of refunding the Notes and the revenues pledged herein with all other Notes issued hereunder.

Section 2.08. Registrar. The City will keep or cause to be kept at the principal office of the Registrar, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the City; and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register all Notes initially issued pursuant hereto and register or cause to be

registered, on such books, the transfer or exchange of Notes as hereinbefore provided.

The Registrar shall accept a Note for transfer of registration only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust, and the federal employer identification number and date of each trust and the name of the trustee of each trust.

ARTICLE III

SECURITY FOR AND COVENANTS REGARDING THE NOTES

Section 3.01. Payment of the Notes. Subject to the restrictions and limitations on the sources of payment herein-after set forth, the City covenants that it will promptly pay, or cause to be paid, the principal of and interest on every Note issued under the Indenture at the place, on the dates and in the manner provided herein and in the Notes according to the true intent and meaning thereof. The principal of and interest on the Notes shall be payable solely from the sources set forth in the granting clauses hereof. The Notes are special obligations of the City, payable solely from said sources described above, and do not and shall not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged, for the payment of the Notes. Neither the Trustee nor the Holders of the Notes shall ever have the right to compel the forfeiture of any property of the City. The Notes shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except the Grant Receipts, and other funds pledged therefor by this Indenture.

Notwithstanding anything in this Indenture to the contrary, the City shall not be required to advance any money derived from any source of income other than the Grant Receipts, and other funds pledged by this Indenture for the payment of the principal of or interest on the Notes or for the performance of any of its duties under this Indenture. The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

Section 3.02. Restrictions on Other Debt. The City hereby covenants that, so long as any of the Notes originally issued hereunder are Outstanding, it will not issue any bonds, notes or other evidences of indebtedness with a lien on or otherwise payable from any source of payment pledged for such Notes prior to or on a parity with the lien on behalf of such Notes, except that, additional Parity Bonds may be issued solely for the purpose of completing the Project pursuant to, and subject to the conditions set forth in Section 7.07 of the Ordinance.

Section 3.03. Particular Covenants. In order to secure the payment of the Notes, the City hereby particularly covenants and agrees that the City, if and so long as any of the Notes are Outstanding:

(A) Will proceed to complete with all practicable dispatch the construction and acquisition of the Project and will maintain, or require all contractors for the Project to maintain, as appropriate, all indemnity bonds and insurance required by the contract documents and by law;

(B) Will not make or cause or permit to be made any application of the proceeds of the Notes or of any moneys held in the Notes Debt Service Fund or the Notes Construction Trust Fund except in accordance with the provisions of Article IV hereof;

(C) Will prepare and submit to the Trustee, on or prior to the 15th day of each month during construction of the Project, a budget setting forth anticipated expenditures for Costs of the Project by category during the next succeeding month and to the conclusion of construction, and the corresponding anticipated source of reimbursement for such Costs as well as an accounting of all moneys disbursed as of the 10th day of the previous month for Costs of the Project, both cumulatively and during the previous 30-day period, and the corresponding source or anticipated source of reimbursement for such Costs;

(D) Will comply in all respects with the terms, conditions and provisions of the Grant Agreement and with all applicable State and federal laws and regulations governing the implementation of any Grant Agreement;

(E) Will impose and collect rates and charges for the use and services of the System in accordance with the requirements of any Grant Agreement and the Ordinance;

(F) Will take all actions necessary to enforce any Grant Agreement and to preserve its right to receive payments or reimbursements under the Grant Agreement;

(G) Will continue promptly to request any payment or reimbursement to which it has become entitled under the Grant Agreement;

(H) Will promptly pay over to the Trustee all Grant Receipts, Tap Fees, if any, and Surplus Revenues, if any, for deposit in the appropriate accounts;

(I) Will not unilaterally terminate, or enter into any agreement to terminate, any Grant agreement; and

(J) Will not create, assume or suffer to be created any judgment, mortgage or deed of trust, pledge or other lien, encumbrance or charge on the Surplus Revenues, if any, or on any property or assets, real or personal, of the System prior to or on a parity with liens created on behalf of the Notes originally issued hereunder (except as permitted by Section 3.02 hereof).

Section 3.04. Required Notices to Trustee. The City will give to the Trustee prompt written notice, appropriately documented, of any change in the status of the Grant and of any authorization of additional indebtedness, including the issuance of Parity Bonds or refunding notes and particularly of any of the following event:

(A) Any modification of a Grant;

(B) The suspension of any Grant, or the issuance of any stop-work order;

(C) The lifting or cancellation of the suspension of any Grant or of the issuance of any stop-work order;

(D) The termination of any Grant; and

(E) The annulment of any Grant.

Section 3.05. Refunding Notes. In the event that there are not funds in the Notes Debt Service Fund, including the Notes Capitalized Interest Account therein, 30 days prior to the maturity date of the Notes originally issued hereunder, sufficient to pay, at maturity, the entire principal of and interest on the Notes, the City covenants to use its best efforts to sell its refunding notes or other obligations in an amount which will provide net proceeds sufficient for such purpose.

Except for details thereof inconsistent herewith and as otherwise provided by an indenture supplemental hereto, such refunding notes or other obligations shall be subject to the terms and restrictions and secured, on a subordinate basis, by the covenants and in the manner set forth herein for the Notes originally issued hereunder. Except as otherwise provided herein, such refunding notes or other obligations shall be offered for sale upon reasonable and customary terms and conditions.

The proceeds of the refunding Notes or other obligations, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the Notes Debt Service Fund and used solely for the payment of the principal of and interest accrued on the Notes.

ARTICLE IV

NOTES PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts.

Pursuant to this Article IV, the following special funds or accounts are created with, and shall be held by, the Trustee:

- (1) Notes Construction Trust Funds, and therein:
 - (a) Notes Cost of Issuance Account;
- (2) Notes Debt Service Fund, and therein:
 - (a) Notes Capitalized Interest Account.

In addition, the Trustee shall hold, as a trustee for the Bondholder, the Bond Construction Trust Fund created pursuant to Section 5.01 of the Ordinance, and shall apply the moneys therein in accordance with this Article IV.

Section 4.02. Notes Construction Trust Fund. The Notes Construction Trust Fund shall be segregated from all other funds and accounts of the Trustee or the City and used solely for the purposes provided herein. The Notes Construction Trust Fund and the Notes Cost of Issuance Account herein, shall each be segregated, one from the other.

The Notes Cost of Issuance Account shall be used solely for the payment of the expenses of issuing the Notes. After payment of all such expenses, as certified to the Trustee by an Authorized Officer, the Trustee shall close such account, and any balance remaining in the Notes Cost of Issuance Account shall be transferred to the Notes Construction Trust Fund.

The Trustee shall disburse no moneys from either the Bond Construction Trust Fund or the Notes Construction Trust Fund except to pay Costs of the Project as provided below, or to pay the principal of or interest on the Bonds or the Notes respectively, when due, provided however, that principal of and interest on the Bonds shall not be paid from moneys in the Notes Construction Trust Fund and principal of and interest on the Notes shall not be paid from the Bond Construction Trust Fund.

Section 4.03. Disbursements from the Bond Construction Trust Fund and Notes Construction Trust Fund. Payments for Costs of the Project shall be made monthly. All Costs of the Project (except for costs of issuance of the Notes) shall first be paid from the Bond Construction Trust Fund and, upon depletion thereof, from the Notes Construction Trust Fund.

Disbursements from either the Bond or Notes Construction Trust Funds, except from the Notes Cost of Issuance Account, shall be made only after submission to the Trustee of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

(A) The Fund (either the Bond or Notes Construction Fund) from which such disbursement is requested;

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

(C) 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;

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

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

In case any contract provides for the retention of a portion of the contract price, the Trustee shall disburse from the applicable Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond or Notes Construction Trust Fund shall be presumed by the Trustee to be made for the purposes set forth in said certificate, and the Trustee shall not be required to monitor the application of disbursements from the Bond or Notes Construction Trust Fund. The Consulting Engineers shall from

time to time file with the Trustee written statements advising the Trustee of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund and Notes Construction Trust Fund, including any accounts therein, shall be invested and reinvested in accordance with Article V hereof.

Whenever the Trustee shall have received notice pursuant to Section 3.04 hereof that any Grant has been suspended or a stop-work order has been issued, the Trustee shall not make further disbursements from the Bond Construction Trust Fund or the Notes Construction Trust Fund until it shall have received notice of the lifting of such suspension or stop-work order in accordance with such section. If the Trustee shall have received notice pursuant to said Section 3.04 that any Grant has been terminated or annulled, the Trustee shall not make any further disbursements from the Bond Construction Trust Fund or the Notes Construction Trust Fund, and it shall immediately transfer all moneys remaining in the Bond Construction Trust Fund to the Sinking Fund and all moneys remaining in the Notes Construction Trust Fund to the Notes Debt Service Fund. Notwithstanding the foregoing provisions of this paragraph, if the Grant which has been suspended, terminated or withdrawn is a Grant other than the EPA Grant, and the City files with the Trustee a certificate of the Consulting Engineers reciting the conclusion and demonstrating that the Project can be completed and the Notes paid in full without such other Grant, the Trustee shall continue to make disbursements from the Bond Construction Trust Fund and the Notes Construction Trust Fund.

Five (5) days prior to the maturity of the Notes or five (5) days prior to any interest payment thereon, to the extent that sufficient moneys are not anticipated to be available in the Notes Debt Service Fund, including the Notes Capitalized Interest Account therein, to pay the principal of or interest on the Notes, or both, as the same shall become due, the Trustee shall transfer moneys in the Notes Construction Trust Fund to the Notes Debt Service Fund and apply such transferred moneys to such payment.

After completion of the Project, as certified by the Consulting Engineers, the Trustee shall transfer any moneys remaining in the Bond Construction Fund to the Sinking Fund and shall transfer any moneys remaining in the Notes Construction Trust Fund to the Notes Debt Service Fund and hold such transferred moneys for the retirement of the Notes. If no Notes are then Outstanding, moneys remaining in the Notes Construction Trust Fund may be withdrawn by the City to be used for any lawful purpose of the System.

Section 4.04. Notes Debt Service Fund. The Trustee shall segregate all funds and securities in the Notes Debt Service Fund from other deposits and funds of the Trustee and other deposits and funds of the City, including the Notes Construction Trust Fund. The Notes Debt Service Fund and Notes Capitalized Interest Account therein shall each be segregated, one from the other. All moneys in the Notes Debt Service Fund, until payment in full of all principal and interest owing on the Notes at their maturity, shall be held in trust for the Holders of the Notes and the City shall have no rights with respect thereto except with respect to the transfers and deposits specified below and to receive the balance therein after payment of the Notes and the interest thereon and the charges, if any, of the Trustee, the Registrar and the Paying Agent.

Section 4.05. Application of Notes Proceeds. From the moneys received from the sale of the Notes originally issued hereunder, the Trustee shall make the following deposits:

A. The sum of \$_____ (which includes all interest accrued on the Notes from the date thereof to the date of delivery to the Original Notes Purchaser) and which, together with the earnings thereon and any Grant Receipts which may be available therefor, as hereinabove provided, is estimated to be at least sufficient to pay interest on the Notes until the scheduled maturity thereof, shall be deposited in the Notes Capitalized Interest Account; provided, that interest shall not be paid from the proceeds of the Notes after six (6) months after completion of construction of the Project. Any amount received on account of interest accrued on the Notes from the date thereof to the date of delivery to the Original Notes Purchaser shall be deemed a part of said sum deposited in the Notes Capitalized Interest Account.

B. The sum necessary to pay costs of issuance of the Notes and related costs, shall be deposited in the Notes Cost of Issuance Account.

C. The remaining moneys derived from the sale of the Notes shall be deposited in the Notes Construction Trust Fund.

The Trustee shall deposit the amount of Notes proceeds (including any interest accrued on the Notes from the date thereof to the date of delivery to the Original Notes Purchaser) required as provided above for the purpose of paying interest on the Notes until the maturity thereof in the Notes Capitalized Interest Account, segregated from all other deposits and funds of the Trustee of the City, and shall

promptly invest the moneys in such account in accordance with Article V hereof. At or prior to any interest payment date on the Notes, as shall be reasonably requested by the Paying Agent, the Trustee shall transfer from the Notes Capitalized Interest Account to the Paying Agent in immediately available funds the amount of interest on the Notes then owing. In the event the funds on deposit in the Notes Capitalized Interest Account are insufficient to pay any interest on the Notes coming due, the trustee shall transfer funds, first, from the remainder of the Notes Debt Service Fund, and then from the Notes Construction Trust Fund to make up such deficiency. After payment of all interest owing on the Notes, any excess in the Notes Capitalized Interest Account shall be transferred to the Notes Debt Service Fund and used to pay the principal of the Notes.

Section 4.06. Grant Receipts. All Grant Receipts received by the City prior to the maturity of the Notes shall be promptly paid to the Trustee. The Trustee shall deposit the Grant Receipts as follows:

When the moneys on deposit in the Notes Debt Service Fund are sufficient to pay the entire principal of and interest to maturity on the Notes, all subsequent Grant Receipts shall be deposited by the Trustee in the Notes Construction Trust Fund.

Any Grant Receipts remaining or received after the payment of the Notes in full shall be applied to Costs of the Project, or, if the Project is then complete, as certified by the Consulting Engineers, such Grant Receipts may be withdrawn by the City and used for any lawful purpose of the System.

Section 4.07. Tap Fees. All Tap Fees, if any, shall be deposited by the City, as received, in the Notes Construction Trust Fund.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE

Section 5.01. Investments. The Trustee shall invest and reinvest any moneys held as a part of the funds and accounts created by this Indenture at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Indenture, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Article V.

Except as provided below, 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 therein 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. The Trustee shall sell and reduce the cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee may make any and all investments permitted by this section through its own bond department, unless otherwise directed by the City, and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Qualified Investments acquired for the Notes Capitalized Interest Account shall have maturities or be subject to redemption at the option of the holder at least one day prior to the need for the funds by the Trustee for transfer to the Paying Agent.

Section 5.02. Restrictions as to Arbitrage Bonds. The City hereby covenants, and hereby so instructs the Trustee, that it shall not permit at any time or times any of the proceeds of the Notes or any other funds of the City to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Note to be an "arbitrage bond" as defined in Section 103(c)(2) of the Internal Revenue Code, and the Mayor shall deliver his certificate, based upon this covenant, with regard thereto to the Original Notes Purchaser.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01. Event of Default. Each of the following event shall constitute an "Event of Default" with respect to the Notes:

(i) If default occurs in the due and punctual payment of the principal of or interest on any Note; or

(ii) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Notes or in this Indenture or any agreement supplemental hereto or in the Notes contained, and such default shall have

continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the City by the Trustee; the Trustee may give such notice in its discretion and, subject to the provisions of Section 7.03 hereof, shall give such notice at the written request of the Holders of not less than 10% in aggregate principal amount of the Notes then Outstanding; or

(iii) If the City files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

The Trustee shall, within 60 days of giving written notice of default as provided by Subsection B (ii) of this section or within 60 days of such Event of Default, mail by first class United States mail, postage prepaid, a copy of such written notice of default or notice of such Event of Default to each Noteholder, as indicated by the books maintained by the Registrar.

An "Event of Default" with respect to the Bonds (as described in the Ordinance) shall not constitute an Event of Default with respect to the Notes and vice versa.

Section 6.02. Enforcement by Trustee. Upon the happening and continuance of any Event of Default the Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Notes at such time Outstanding shall, upon being satisfactorily indemnified as provided in Section 7.03 hereof, exercise in its own name any or all of the powers of the Noteholders under Section 6.04 and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Noteholders, including the right to require the City to perform its duties under the Act and this Indenture.

(C) Bring suit upon the Notes;

(D) By action at law or bill in equity require the City to account as if it were the trustee of an express trust for the Noteholders; and

(E) By action or bill in equity enjoin any acts in violation of this Indenture of the rights of the Noteholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Noteholders of hereunder or now or hereafter existing at law or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.03. Appointment of Receivers. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Noteholders under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate pending such proceedings, with such powers as the court making such appointment shall confer. Notwithstanding the provisions of this section any such receivership shall conform to the terms of Section 9.03 of the Ordinance.

Section 6.04. Enforcement by Holders. Any Holder of an Outstanding Note may exercise any available remedy and bring any appropriate action, suit or proceedings to enforce his rights, including those specified in Section 6.02 hereof, provided that, prior to resorting to any court of law or to any other legal process, either (i) such Noteholder must have given written notice to the City and the Trustee specifying the Event of Default to be complained of and requesting the Trustee to take appropriate action and have offered to indemnify the Trustee for its expenses in taking such action, and the Trustee must have failed to act within a reasonable time, or (ii) such Noteholder must have obtained the written consent of the Trustee to the institution of the action, suit or proceeding proposed, and such action, suit or proceeding is brought for the ratable benefit of all Noteholders.

Anything in this Indenture to the contrary notwithstanding, the Noteholders of a majority in aggregate principal amount of the Notes then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not

be otherwise than in accordance with the provisions of law and of this Indenture.

Section 6.05. Possession of Notes by Trustee Not Required. All rights of action (including the right to file proof of claims) under this Indenture or under any of the Notes may be enforced by the Trustee without the possession of any of the Notes or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Notes, and any recovery of judgment shall be for the equal benefit of all the Holders of the Outstanding Notes.

Section 6.06. Restoration of City and Trustee. In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the City and the Trustee shall be restored to their former position and rights hereunder, and all rights and remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 6.07. Waiver of Event of Default. The Trustee shall waive any Event of Default hereunder and its consequences upon the written request of the Holders of a majority in aggregate principal amount of the Notes then Outstanding; provided, however, that there shall not be waived any default in the payment of (i) the principal of any Outstanding Note at the stated maturity or (ii) any interest when due on any Note.

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Noteholder, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 6.08. Right To Enforce Payment of Notes Unimpaired. Nothing in this article shall affect or impair the right of any Noteholder to enforce the payment of the principal of or interest on his Note or the obligation of the City to pay the principal of and interest on each Note to its Holder when due.

ARTICLE VII

FIDUCIARIES

Section 7.01. Appointment of Trustee; Acceptance of Trustee. The Trustee accepts and agrees to execute the trust and duties imposed upon it by this Indenture, but only upon the terms and conditions set forth herein.

Section 7.02. Paying Agent and Registrar. _____, is hereby initially appointed as Paying Agent and Registrar for the Notes, and said bank shall evidence acceptance of such appointment by entering into an agreement setting forth the rights and obligations of the Registrar and Paying Agent, in form satisfactory to the City, provided that, the City may, from time to time, appoint another bank as Registrar or Paying Agent, subject to the requirements of Section 7.12.

Section 7.03. Responsibilities of Fiduciaries. The recitals of facts in this Indenture and the Notes shall be taken as statements of the City, and the Fiduciaries shall not be responsible for their accuracy. The Trustee shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of this Indenture by the City or of any Notes. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its certificate of authentication and registration of the Notes. The Noteholders shall indemnify any Fiduciary for any acts taken which may involve it in expense or liability or the institution or defense of any action or suit in respect to this Indenture or the Notes or an advance of any of its own moneys. Notwithstanding the foregoing, the Registrar shall be responsible for any representations in its certificate of authentication and registration on the Notes.

The Trustee, prior to the occurrence of an Event of Default and after the remedy of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred and has not been remedied, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and shall use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. Any provision in this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this section.

Any provision of this Indenture relating to action taken or to be taken by any Fiduciary or to evidence upon which such Fiduciary may rely shall be subject to the provisions of this section.

Section 7.04. Evidence on Which Fiduciary May Act. Except as otherwise provided by Section 10.01 hereof, a Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever a Fiduciary shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, but in its discretion such Fiduciary may instead accept other evidence of such fact or matter.

Section 7.05. Compensation and Expenses. The City shall pay to any Fiduciary from time to time reasonable compensation for all services, and also reimburse its reasonable expenses, charges, legal fees and other disbursements and those of its attorneys, agents and employees, incurred in the performance of its duties hereunder. The City shall indemnify and save harmless the Fiduciary against any liabilities which it may incur in the exercise and performance of its powers and duties and which are not due to its own negligence, default or willful misconduct.

Section 7.06. Certain Permitted Acts. A Fiduciary may become the owner of or may deal in Notes as fully and with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, such Fiduciary may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Noteholders or effect or aid in any reorganization growing out of the enforcement of the Notes or this Indenture, whether or not any such committee shall represent the Holders of a majority in principal amount of the Notes Outstanding.

Section 7.07. Resignation of Trustee. The Trustee may at any time resign and be discharged of its duties and obligations under this Indenture by giving not less than a sixty (60) days' written notice to the City, specifying the date when such resignation shall take effect, and, within twenty (20) days after the giving of such written notice, sending copies of such notice to each Holder of a Note at his address as it appears on the books of the Registrar. Such

resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the City or the Noteholders, in which event such resignation shall take effect immediately.

Section 7.08. Removal. The Trustee may be removed at any time by the Holders of a majority in principal amount of the Notes then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by such Noteholders or by their attorneys duly authorized in writing and delivered to the City. Copies of such instrument shall be delivered by the City to the Trustee.

Section 7.09. Appointment of Successor. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property shall be appointed, or if any public officer or court shall take charge or control of the Trustee or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Notes then Outstanding, by an instrument or concurrent instruments in writing signed by such Noteholders or their attorneys duly authorized in writing and delivered to such successor Trustee, notification thereof being given to the City and the predecessor Trustee. Pending such appointment, the City shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by such Noteholders. The City shall mail notice of any such appointment to each Holder of a Note, at his address as it appears on the books of the Registrar, by first class United States mail, certified or registered, within twenty (20) days after such appointment. Any successor Trustee appointed by the City shall, immediately and without further act, be superseded by a Trustee appointed by such Noteholders. If in a proper case no appointment of a successor Trustee shall be made within forty-five (45) days after the Trustee shall have given to the City written notice of resignation or after the occurrence of any other event requiring such appointment, the Trustee or any Noteholder may apply to any court of competent jurisdiction to appoint a successor. Any Trustee appointed under the provisions of this section shall be a bank, trust company or national banking association doing business and having its principal office in the State, having trust powers and authorized to perform the duties imposed upon it by this Indenture and insured by FDIC.

Section 7.10. Transfer of Rights and Property to Successor. Any predecessor Trustee shall pay over, assign and deliver any moneys and Qualified Investments or assets of the trust estate held by it to its successor.

Section 7.11. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 7.09.

Section 7.12. Additional and Successor Paying Agents and Registrars. A. The City may at any time, with the approval of the Original Notes Purchaser and pursuant to Section 9.01 hereof, appoint one or more other Paying Agents having the qualifications hereinafter set forth as an additional or successor Paying Agent and appoint another Registrar, having the qualifications hereinafter set forth, as a successor Registrar.

B. Any Paying Agent or the Registrar may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 60 days written notice to the City, the Trustee and the other Paying Agents, if any. Any Paying Agent or the Registrar may be removed at any time by an instrument filed with such Paying Agent or the Registrar, as the case may be, and the Trustee and signed by the City.

Any successor or additional Paying Agent and any successor Registrar must be a bank, trust company or national banking association authorized by law to perform all the duties imposed upon it by the Indenture. Such successor or additional Paying Agent or successor Registrar shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the City a written acceptance thereof.

C. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there be no successor, to the Trustee. In the event of the resignation or removal of the Registrar, such registrar shall deliver the registration books of the City to its successor or, if there be no successor, to the Trustee. If the position of Paying Agent or Registrar shall become vacant for any reason, the City shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent or the Registrar to fill

such vacancy; provided, however, that, if the City shall fail to appoint such Paying Agent or Registrar within said period, the Trustee shall, in its discretion, make such appointment or serve as such.

D. Any bank, trust company or national banking association with or into which any Paying Agent or the Registrar may be merged or consolidated, or to which the assets and business of such Paying Agent or Registrar may be sold, shall be deemed the successor of such Paying Agent or Registrar, as the case may be, for the purposes of this Indenture.

E. Notice of the appointment of successor or additional Paying Agents or fiscal agents or of a successor Registrar shall be given in the same manner as provided by Section 7.09 hereof with respect to the appointment of a successor Trustee.

F. All moneys received by the Registrar or Paying Agents shall, until used or applied as provided in this Indenture, be held in trust for the purposes for which they were received.

Section 7.13. Adoption of Authentication. In case any of the Notes shall have been authenticated but not delivered, any successor Registrar may adopt a certificate of authentication and registration executed by any predecessor Registrar and deliver such Notes so authenticated and registered, and, in case any Notes shall have been prepared but not authenticated and registered, any successor Registrar may authenticate and register such Notes in the name of the predecessor Registrar or in its own name.

ARTICLE VIII

DEFEASANCE: DISCHARGE OF INDENTURE

Section 8.01. Defeasance; Discharge of Indenture. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Indenture, then this Indenture and the pledges of Grant Receipts, the Surplus Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the City on behalf of the Holders of the Notes made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

Notes 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 the respective principal of and interest on such Notes shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Notes 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 Trustee 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 Trustee at the same or earlier time, shall be sufficient, to pay when due the principal of and interest due and to become due on said Notes on and prior to the maturity date thereof. Neither securities nor moneys deposited with the Trustee 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 of and interest on said Notes; provided, any cash received from such principal or interest payments on such securities deposited with the Trustee, 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 of and interest to become due on said Notes on and prior to such maturity date thereof, and interest earned from such reinvestments shall be paid over to the City as received by the Trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE IX

SUPPLEMENTAL INDENTURE

Section 9.01. Supplemental Indentures Not Requiring Consent of Holders. The City and the Trustee may without the consent of, or notice to, any of the Noteholders enter into an indenture or indentures supplemental to this Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(A) To specify, determine or authorize any matters and things concerning the Notes or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(B) To authorize a series of refunding notes or other obligations, and to specify, determine or authorize any matters and things concerning any such refunding notes or other obligations or the proceeds thereof which are not contrary to or inconsistent with this Indenture;

(C) To impose additional covenants or agreements to be observed by the City which are not contrary to or inconsistent with this Indenture.

(D) To impose other limitations or restrictions upon the City;

(E) To surrender any right, power or privilege reserved to or conferred upon the City by this Indenture;

(F) To confirm, as further assurance, any pledge of or lien upon the Grant Receipts or any other moneys, securities or funds;

(G) To cure any ambiguity, omission or defect in this Indenture;

(H) To modify or amend any of the terms or provisions of this Indenture if no Notes are Outstanding at the time of such modification or amendment; and

(I) To modify or amend any of the terms or provisions of this Indenture, provided that such modification by its terms shall not take effect until all Notes Outstanding on the date of adoption of such modification or amendment shall have ceased to be Outstanding.

Section 9.02. Amendment by Consent of Registered Owners. Except for the supplemental indentures allowed under Section 9.01 hereof, this Indenture or any indenture supplemental hereto and the rights and obligations of the City, the Trustee and the Noteholders may be modified or amended only with the written consent of the Holders of sixty percent (60%) in aggregate principal amount of the Notes then Outstanding, which must be filed with the Trustee before any such modification or amendment may become effective. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Note without the express written consent of the Holder of such Note, nor reduce the percentage of Notes required for consent to any such modification or amendment.

ARTICLE X

MISCELLANEOUS

Section 10.01. Evidence of Signatures of Holders and Ownership of Notes. Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by Noteholders may be in one or more instrument of similar tenor, and shall be signed or executed by such Noteholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney shall be sufficient for any purpose of this Indenture if made in the following manner, or in any manner satisfactory to the Trustee, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Noteholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, trust company or financial firm or corporation satisfactory to the Trustee that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Noteholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a Vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of Notes held by any person executing any such instrument as a Holder, the numbers and other identification thereof, and the date of his holding such Note shall be determined by the books of the Registrar.

Any request, consent or other instrument executed by the Noteholder shall bind all future Noteholders in respect of anything done or suffered to be done hereunder by the City or the Trustee in accordance therewith.

Section 10.02. Preservation and Inspection of Documents. All reports, certificates, statements and other documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be available at all reasonable times for the inspection of the City or any Noteholder, and their agents and their representatives, any of whom may make copies thereof, but any such reports, certificates, statements or other documents may, at the election of the Trustee, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Indenture shall be discharged as provided in Section 8.01 hereof.

Section 10.03. Cancellation of Notes. All Notes purchased or paid shall, if surrendered to the City, be cancelled and delivered to the Registrar, or, if surrendered to the Registrar, be cancelled by it. No such Notes shall be deemed Outstanding under this Indenture, and no Notes shall be issued in lieu thereof. All such Notes shall be cancelled and upon order of the City shall be destroyed, and a certificate evidencing such destruction shall be delivered to the City.

Section 10.04. Failure to Present Notes. Anything in this Indenture to the contrary notwithstanding, any moneys held by the Trustee or a Paying Agent in trust for the payment and discharge of any of the Notes which remain unclaimed for one (1) year after the date on which such Notes have become due and payable, shall at the written request of the City be paid by the Paying Agent to the City as its absolute property and free from trust, and said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Notes shall look only to the City for the payment of such Notes; provided, however, that, before making any such payment to the City, the Paying Agent shall at the expense of the City cause to be published at least once in an authorized newspaper designated in a resolution supplemental hereto a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the City.

Section 10.05. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the City, the Trustee, the Consulting Engineers or the Original Notes Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

A. City.

City of Buckhannon
City Hall
Main and Florida Streets
Buckhannon, West Virginia 26201
Attention: Mayor

B. Trustee

Attention: Corporate Trust Department

C. Consulting Engineers

Kelley, Gidley, Blair & Wolfe
P. O. Box 2986
Charleston, West Virginia 25330
Attention:

D. Original Notes Purchaser

Young, Moore & Company, Inc.
1500 Kanawha Valley Building
Charleston, West Virginia 25301
Attention: Harry S. Moore

and

Russell, Rea & Zappala, Inc.
Two Northshore Center
Pittsburgh, PA 15212
Attention: Chuck Gomulka

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.06. No Personal Liability. No officer or employee of the City shall be individually or personally liable for the payment of the principal of or the interest on any Note, but nothing herein contained shall relieve any such official or employee from the performance of any official duty provided by law or this Indenture.

Section 10.07. Law Applicable. The laws of the State shall govern the construction of this Indenture and of all Notes issued hereunder.

Section 10.08. Parties Interested Herein. Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the City, the Trustee, the Paying Agent, the Noteholders and the Original Notes Purchaser, any right, remedy or claim under or by reason of this Indenture. All the covenants, stipulations, promises and agreements contained in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Trustee, the Paying Agent, the Noteholders and the Original Notes Purchaser.

Section 10.09. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Indenture shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Indenture.

Section 10.10. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control or affect in any way the meaning or construction of any of the provisions hereof.

Section 10.11. Counterparts. This Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the CITY OF BUCKHANNON has caused this Indenture to be executed on its behalf by the Mayor and has caused the seal of the City to be hereunto affixed and duly attested by the City Recorder; and _____ as Trustee, to evidence its acceptance of the trusts created hereunder, has caused this Indenture to be executed in its name by its duly authorized officer and its corporate seal to be hereunto affixed and duly attested, all as of the date and year first above written.

CITY OF BUCKHANNON

[SEAL]

By _____
Mayor

ATTEST:

By _____
City Recorder

STATE OF WEST VIRGINIA,

COUNTY OF _____, to-wit:

I, _____, a Notary Public of
said County, do certify that _____,
as Mayor and _____, as City Recorder, who
signed the foregoing Trust Indenture, bearing date as of the
_____, for the City of Buckhannon, a municipal
corporation in Upshur County, West Virginia, have this day in
my said county, before me, acknowledged the said writing to be
the act and deed of said municipal corporation.

Given under my hand and seal this _____ day
of _____, 1986.

My commission expires: _____.

Notary Public

[SEAL]

as Trustee

[SEAL]

By _____
Its _____

ATTEST:

By _____
Its _____

STATE OF WEST VIRGINIA,

COUNTY OF _____, to-wit:

I, _____, a Notary Public of
said County, do certify that _____,
as Vice President, and _____, Authorized
Representative, who signed the foregoing Trust Indenture,
bearing date as of the _____, for and on
behalf of _____, a banking corporation,
have this day in my said county, before me, acknowledged the
said writing to be the act and deed of said banking corporation.

Given under my hand and seal this _____ day
of _____, 1986.

My commission expires: _____.

Notary Public

[SEAL]

EXHIBIT A

[FORM OF FRONT OF NOTE]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF UPSHUR
CITY OF BUCKHANNON
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE,
SERIES 1986

INTEREST RATE: _____

MATURITY DATE: _____

CUSIP NO.: _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: \$ _____

KNOW ALL MEN BY THESE PRESENTS: That the City of Buckhannon, a municipal corporation organized and existing under the laws of and a political subdivision of, the State of West Virginia (the "City"), for value received, hereby promises to pay (but only from the sources pledged therefor as hereinafter mentioned) to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, unless redeemed prior thereto, as hereinafter provided, the Principal Amount identified above, and to pay interest at the annual Interest Rate identified above semiannually on _____ 1 and _____ 1 of each year, from the interest payment date next preceding the date of registration of this Note (unless this Note is registered as of an interest payment date, in which event it shall bear interest from the date of registration hereof, or unless this Note is registered prior to _____ 1, 19____, in which event it shall bear interest from _____ 1, 19____) until payment of such principal sum is made in full. The principal (or redemption price) hereof is payable in any coin or currency which, on the date of payment of principal, is legal tender for the payment of public and private debts in the United States of America upon surrender of this Note at the office of _____ (the "Registrar"). Interest hereon is payable by check or draft mailed to the Registered Owner hereof at the address shown on the registry books maintained by the Registrar as of the 15th day of the month next preceding such interest payment date.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH HERE.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in due time, form and manner as required by the laws and Constitution of the State of West Virginia applicable thereto, and that the issuance of this Note and the Notes of the issue of which this Note is one is not in violation of any constitutional, statutory or charter provision or limitation of indebtedness.

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

This Note is under the Act, exempt from taxes imposed by the State of West Virginia and any county, municipality, political subdivision or agency thereof and the interest thereon is exempt from personal income taxation by the State of West Virginia.

This Note shall not be entitled to any benefit under the Ordinance or the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been manually signed by the Registrar.

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

IN WITNESS WHEREOF, the CITY OF BUCKHANNON has caused this Note to be signed by its Mayor and its corporate seal or a facsimile thereof to be imprinted hereon and attested by the signature of its City Recorder in the manner provided in the Indenture, as of this _____ day of _____, 1986.

CITY OF BUCKHANNON

[SEAL]

(Facsimile Signature
Mayor

ATTEST:

(Facsimile Signature
City Recorder

(FORM OF REGISTRAR'S CERTIFICATE OF
AUTHENTICATION AND REGISTRATION)

This Note is one of the fully registered Grant Anticipation Notes described in the within-mentioned Ordinance and Indenture.

Date of Registration: _____

Registrar

By _____
Authorized Officer

(FORM OF REVERSE OF GAN)

This Note is one of an issue of Grant Anticipation Notes (the "Notes") in the aggregate principal amount of \$_____, of like tenor and effect, except as to number and denomination, issued (i) to finance a portion of the costs of the construction and acquisition of certain improvements, extensions and additions to the existing sewerage facilities of the City (the "Project") (the Project, together with the existing sewerage system of the City and any improvements and extensions thereto, is hereinafter referred to as the "System") pending receipt by the City of certain grant proceeds from the United States Environmental Protection Agency (the "EPA") and other federal, state and local agencies (collectively, as received after the date of issuance of the Notes, the "Grant Receipts"); (ii) to pay interest on the Notes when due; and (iii) to pay certain costs of issuance thereof and related costs, and is issued in anticipation of such Grant Receipts. This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolutions duly adopted by the City (collectively, the "Ordinance"), and is issued and secured pursuant to the terms of a Trust Indenture (the "Indenture") dated as of _____ 1, 1986, between the City and _____, as trustee (the "Trustee"), and is subject to all the terms and conditions of said Indenture.

The Notes are subject to redemption at the option of the City prior to maturity, in whole, but not in part, at any time on or after _____ 1, 19____, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption, without premium. Notice of any such redemption shall be given by the Registrar by certified or registered mail to the Registered Owner of the Notes to be redeemed at the address on registry books maintained by the Registrar, not less than 30 days prior to the date fixed for redemption price and the place or places where payment of the redemption price will be made. Failure to send such notice or error therein shall not invalidate the call for redemption.

This Note is a special obligation of the City, secured by the Indenture and payable solely from (i) the Grant Receipts; (ii) other moneys, including investment income and unexpended Note proceeds, held in the funds and accounts established with respect to the Notes by the Indenture; (iii) the Surplus Revenues, if any, of the System, as such term is defined in the

Indenture; and (iv) the net proceeds of any refunding notes or other obligations issued for the purpose of paying the principal of or interest on the Notes.

If, 30 days prior to the maturity hereof, the funds deposited for payment are insufficient to pay the entire principal of an interest to be accrued on the Notes to the date of maturity, the City has covenanted to use its best efforts to sell refunding notes or other obligations in an amount which will provide next proceeds sufficient to replenish such deficiency, but only upon the conditions and as described in the Indenture, to which reference is made for a further description of the security for the Notes.

Interest on this Note is payable from certain proceeds of the sale hereof, to be held for such purpose by the Trustee, together with the earnings thereon and certain other moneys available therefor. All moneys received from the sale of the Notes shall be applied solely to the payment of certain costs of the Project, as defined in the Indenture, including payment of any indebtedness incurred by the City for such purposes which is required to be paid from the moneys received from the sale of such Notes, to the appurtenant capitalized interest account and to the payment of certain costs of issuance and related costs, and the Indenture creates a lien upon such moneys, until so applied, in favor of the Registered Owners of the Notes.

This Note does not constitute a corporate indebtedness of the City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest hereon except from the sources specified above. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged for the payment of the principal or or interest on this Note.

Under the Indenture, the City has entered into certain covenants on behalf of the Registered Owners of the Notes, for the terms of which reference is made to said Indenture. The City has covenanted not to issue any obligations with a lien on or otherwise payable from any source of payment pledged for the Notes prior to or on a party with the lien on behalf of the Notes so long as any of the Notes are outstanding. Remedies provided the Trustee on behalf of the Registered Owner of this Note, and to said Registered Owner, are exclusively as provided in the Indenture, to which reference is here made for a detailed description thereof.

The Notes of the issue of which this Note is one are issuable only as fully registered Notes in denominations of \$5,000 and any integral multiple thereof. Registration of this Note may be transferred, or this Note may be exchanged, at the office of the Registrar by the Registered Owner hereof in person or by his, her or its attorney duly authorized in writing, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Note. Upon such transfer or exchange a new Note or Notes, of authorized denomination or denominations, for the like aggregate principal amount, shall be issued, to the transferee in the case of transfer, in exchange therefor.

[FORM OF ASSIGNMENT]

For value received, the undersigned Registered Owner
do(es) hereby sell, assign and transfer unto _____

_____ (name, address and social security number or other identifying
number of assignee) the within-mentioned Note and irrevocably
constitute(s) and appoint(s) _____
to transfer the same on the books kept for registration of the
within Note, with full power of substitution in the premises.

Dated: _____

Registered Owner

(NOTE: The signature must correspond with the name of
the Registered Owner as it appears upon the front of this Note
in every particular, without alteration or enlargement or any
change whatever.)