TOWN OF ELIZABETH, WEST VIRGINIA
SEWER REVENUE BONDS
SERIES 2014

TOWN OF ELIZABETH

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ELIZABETH AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,972,400 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BONDS, SERIES 2014 (WV CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ENACTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF ELIZABETH:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any order or Ordinance supplemental hereto or amendatory hereof, the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Bond Act") and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "SRF Act", and together with the Bond Act, collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of Elizabeth (the "Issuer") is a municipality, public corporation and political subdivision of the State of West Virginia in Wirt County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain improvements to the existing public sewerage facilities of the Issuer. Those improvements will consist of the following improvements to the Town of Elizabeth's wastewater treatment plant in Wirt County: An upgrade to the wastewater treatment plant to satisfy the requirements of WVDEP Administrative Order #6558. The proposed wastewater treatment option is a 0.15 MGD Extended Aeration Modular Wastewater Treatment Plant, including installation of a system that uses traditional extended aeration theory to treat wastewater. The modular plant also includes compartments for flow equalization for handling peak flows, aeration, clarification, sludge handling and post aeration. Site preparation for this process includes excavation and placement of material for structures and PVC pipe. For the head works, structural concrete is required for the walls and the slab. Equipment required includes a fine screen and grit removal equipment. This alternative also includes abandoning the existing chlorination disinfection system in favor of ultraviolet disinfection. and miscellaneous improvements (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System").

C. The Issuer intends to permanently finance a portion of the costs of acquiring, constructing and equipping the Project through the issuance of its revenue bonds to be sold to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), pursuant to the SRF Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program (as hereinafter defined).

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2014 (WV CWSRF Program), in an amount not to exceed $2,972,400 (the "Series 2014 Bonds"), initially to be represented by two (2) bonds, to permanently finance a portion of the costs of acquiring, constructing and equipping of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore; interest upon the Series 2014 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2014 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2014 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquiring, constructing and equipping the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer

for any amounts expended by it for allowable costs prior to the issuance of the Series 2014 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2014 Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Bond Purchase Agreement"), approved hereby if not previously approved by Ordinance of the Issuer.

G. The Issuer currently has outstanding its (i) Sewer Revenue Bonds, Series 1982 B, dated September 13, 1982, issued in the original principal amount of $49,885.84, currently outstanding in the amount of $16,629, (ii) Sewer Revenue Bonds, Series 1999 (State Revolving Fund), dated August 31, 1999, issued in the original principal amount of $108,000, currently outstanding in the amount of $39,150, and (iii) Sewer Refunding Revenue Bond, Series 2001 A, dated September 13, 2001, issued in the original principal amount of $297,387 (collectively, the "Prior Bonds"), which shall be on parity with the Series 2014 Bonds.

The Series 2014 Bonds shall be issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage and parity requirements of the Prior Bonds and the Ordinance authorizing the Prior Bonds for issuance of the Series 2014 Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. Prior to the issuance of the Series 2014 Bonds, the Issuer will obtain the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met. Other than the Prior Bonds and the Sewer Note, there are no other outstanding bonds or obligations of the Issuer that are secured by revenues or assets of the System that will be on parity with the Series 2014 Bonds.

H. The estimated revenues to be derived in each year following completion of the Project will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2014 Bonds and the Prior Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and equipping of the Project, the operation of the System and the issuance of the Series 2014 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of

public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2014 Bonds or such final order will not be subject to appeal or rehearing.

J. Pursuant to the Act, the Issuer has established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2014 Bonds for the purposes described in this Ordinance.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2014 Bonds by those who shall be the Registered Owner of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owner or Owners of such Series 2014 Bond, which shall be of equal rank and without preference, priority or distinction between any one bond of a series and any other bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2014 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Governing Body of the Issuer or any temporary Mayor duly selected by the Governing Body.

"Bondholders," "Holder of the Bonds," "Holder," "Registered Owners," or any similar term whenever used herein with respect to an outstanding Bond, means the person in whose name such Bond is registered.

"Bond Legislation," "Ordinance," "Bond Ordinance" or "Local Act" means this Bond Ordinance and all orders and Ordinances supplemental hereto or amendatory hereof.

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

"Bonds" means, collectively, the Series 2014 Bonds, the Prior Bonds, and any bonds on parity therewith subsequently authorized to be issued hereunder or by another Ordinance of the Issuer.

"Bond Purchase Agreement" means the bond purchase agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2014 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"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.

"Clerk" means the Clerk of the Governing Body of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2014 Bonds for all or a portion of the proceeds of the Series 2014 Bonds from the Authority.

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

"Commission" means the West Virginia Municipal Bond Commission or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

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

"Consulting Engineers" means Thrasher Engineering Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02D hereof to be a part of the cost of designing, acquiring, constructing and equipping the Project.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia that succeeds to the functions of the Council.

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Independent Certified Public Accountants" means any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Investment Property" means

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

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

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

"Issuer" means Town of Elizabeth, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Wirt County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

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

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

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

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2014 Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Ordinances" means the Ordinances of the Issuer enacted February 9, 1981, August 30, 1999, and _____ __, 2001, authorizing the Prior Bonds.

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

"Project" means the Project as described in Section 1.02B hereof.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 or similar banking arrangements, fully secured by investments of the types described in paragraphs (a) through (e) above or fully insured by the FDIC, with member banks of the Federal Reserve system or banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefore; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "Consolidated Fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the Code of West Virginia, 1931, as amended, including, without limitation, authorized pools of investments operated by such Investment Management Board; and

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2014 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 2014 Bonds and the Prior Bonds.

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

"Sanitary Board" means the Sanitary Board of the Issuer, as such term is defined in the Prior Ordinances.

"Series 2014 Bonds" means the Sewer Revenue Bonds, Series 2014 (WV CWSRF Program), of the Issuer, authorized by this Ordinance.

"Series 2014 Construction Trust Fund" means the Series 2014 Construction Trust Fund established by Section 5.01 hereof.

"Series 2014 Bonds Reserve Account" means the Series 2014 Bonds Reserve Account established by Section 5.02 hereof.

"Series 2014 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2014 Bonds in the then current or any succeeding year.

"Series 2014 Bonds Sinking Fund" means the Series 2014 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2014 Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any Ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution or Ordinances authorizing the sale of the Series 2014 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2014 Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2014 Bonds and the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

Additional terms and phrases are defined in this Ordinance as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Mayor or the Clerk shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Mayor or Acting Clerk.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition, construction and equipping of the Project, at an estimated cost of not to exceed $2,972,400, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, approved by the DEP and the Issuer and heretofore filed in the office of the Governing Body. The proceeds of the Series 2014 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of acquisition and construction of the Project is estimated not to exceed $2,972,400, which will be obtained from the proceeds of the Series 2014 Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of funding a reserve account for the Series 2014 Bonds, paying costs of constructing the Project and paying certain costs of issuance of the Series 2014 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2014 Bond of the Issuer. The Series 2014 Bonds shall be issued as two (2) bonds, designated as "Sewer Revenue Bond, Series 2014 A (WV CWSRF Program)," in an amount not to exceed $2,972,400, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2014 Bonds remaining after funding the Series 2014 Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2014 Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2014 Bonds shall be issued in such principal amounts; shall bear interest at the rate of 0%, plus a 0.5% annual administrative fee, in the case of the Series 2014 A Bond, and at the rate of -3.0%, in the case of the Series 2014 B Bond, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2014 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2014 Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2014 Bonds shall be issued in the form of two (2) bonds, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amounts of the Series 2014 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2014 Bonds shall be exchangeable at the option and expense of the Registered Owner for other fully registered Bond or Bonds of the same series in an aggregate principal amount or amounts equal to the amount of said Series 2014 Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Series 2014 Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Section 3.03. Execution of Bonds. The Series 2014 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Clerk. In case any one or more of the officers

who shall have signed or sealed the Series 2014 Bonds shall cease to be such officer of the Issuer before the Series 2014 Bonds so signed and sealed have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2014 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2014 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bonds, substantially in the form set forth in Section 3.12 hereof, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2014 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2014 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2014 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2014 Bonds remains outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the same.

The registered Series 2014 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2014 Bonds or transferring the registered Series 2014 Bonds is exercised, the Series 2014 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. The Series 2014 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the

Bond Registrar. For every such exchange or transfer of the Series 2014 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2014 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date, if any, on the Series 2014 Bonds or, in the case of any proposed redemption of the Series 2014 Bonds, next preceding the date of the selection of the portion of the Series 2014 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case a bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new bond of the same series and of like tenor as the bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated bond, upon surrender and cancellation of such mutilated bond, or in lieu of and substitution for the bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. The bond so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such bond shall have matured or be about to mature, instead of issuing a substitute bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2014 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely, in the case of the Series 2014 Bonds only, from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2014 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2014 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2014 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Prior Bonds and the Series 2014 Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2014 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate,

register and deliver the Series 2014 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2014 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2014 Bonds to the original purchasers;

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

D. Executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2014 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2014 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BONDS)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 A
(WV CWSRF PROGRAM)

No. AR-1 $2,471,733

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF ELIZABETH, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Wirt County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO MILLION FOUR HUNDRED SEVENTY-ONE THOUSAND SEVEN HUNDRED THIRTY-THREE DOLLARS ($2,471,733), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 201_, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 201_, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero percent (0%) per annum, plus a 0.5% annual administrative fee, beginning _____ __, 201_. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated April 3, 2014.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and

extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 13, 2014, and a Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $49,885.84 SEWER REVENUE BONDS, SERIES 1982 B, (ii) $108,000 SEWER REVENUE BONDS (STATE REVOLVING FUND), SERIES 1999, AND (iii) $297,387 SEWER REFUNDING REVENUE BOND, SERIES 2001 A (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $500,667 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2014 B.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2014 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further

covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, Ordinances 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, TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated April 3, 2014.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2014 A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 3, 2014.

United Bank, Inc., as Registrar

By: _____
Vice President

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $,	4/3/14	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 A
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$2,471,733	April 3, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.

By: _____
Vice President

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 B
(WV CWSRF PROGRAM)

No. BR-1 $500,667

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF ELIZABETH, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Wirt County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED THOUSAND SIX HUNDRED SIXTY-SEVEN DOLLARS ($500,667), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein. This Bond shall not be subject to the Administrative Fee.

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the Bond Purchase Agreemnt. The Bond shall be deemed no longer outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated April 3, 2014.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 13, 2014, and a Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and

conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $49,885.84 SEWER REVENUE BONDS, SERIES 1982 B, (ii) $108,000 SEWER REVENUE BONDS (STATE REVOLVING FUND), SERIES 1999, AND (iii) $297,387 SEWER REFUNDING REVENUE BOND, SERIES 2001 A (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $2,471,733 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2014 A.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2014 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is

made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, Ordinances 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, TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated April 3, 2014.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2014 B Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 3, 2014.

United Bank, Inc., as Registrar

By: _____
Vice President

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $0.00	4/3/14	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 B
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$500,667	April 3, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.

By: _____
Vice President

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Bond Purchase Agreement, including all schedules and exhibits attached thereto, is hereby approved. The Series 2014 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous Ordinance, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Within 60 days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of construction of the Project and sources of funds therefore.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Ordinances) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Ordinances);

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

(3) Series 2014 Construction Trust Fund.

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

(1) Series 2014 Bonds Sinking Fund; and

(2) Series 2014 Bonds Reserve Account.

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

(1) The Issuer shall first each month pay from the Revenue Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent the amounts required by the Prior Ordinances to pay interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent or the Commission: (i) the amounts required by the Prior Ordinances to pay principal on the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2014 Bonds, remit to the Commission for deposit in the Series 2014 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2014 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2014 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission the amounts: (i) to make reserve fund payments on the Prior Bonds required by the Prior Ordinances; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2014 Bonds, if not fully funded upon issuance of the Series 2014 Bonds, remit to the Commission for deposit in the Series 2014 Bonds Reserve Account, an amount equal to 1/120th of the Series 2014 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2014 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 2014 Bonds Reserve Requirement.

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

Moneys in the Series 2014 Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2014 Bonds as the same shall become due. Moneys in the Series 2014 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2014 Bonds as the same shall come due, when other moneys in the Series 2014 Bonds Sinking Fund are insufficient therefore, and for no other purpose.

All investment earnings on moneys in the Series 2014 Bonds Sinking Fund and the Series 2014 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due, if any, on the Series 2014 Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2014 Bonds Reserve Account which result in a reduction in the balance therein below the Series 2014 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional bonds ranking on a parity with the Series 2014 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at

maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefore.

The Issuer shall not be required to make any further payments into the Series 2014 Bonds Sinking Fund or the Series 2014 Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2014 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on parity and pro rata, with respect to the Prior Bonds and the Series 2014 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2014 Bonds Sinking Fund and the Series 2014 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into the Series 2014 Bonds Sinking Fund and the Series 2014 Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2014 Bonds Sinking Fund and the Series 2014 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2014 Bonds Sinking Fund, including the Series 2014 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2014 Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2014 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase Agreement as Exhibit F, and submit a copy of

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues.

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2014 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2014 Bonds, there shall be deposited with the Commission in the Series 2014 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2014 Bonds Reserve Account.

B. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2014 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2014 Construction Trust Fund and applied solely to payment of costs of construction of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2014 Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2014 Bonds shall be used to fund the Series 2014 Bonds Reserve Account, if not funded upon issuance of the Series 2014 Bonds, in an amount not to exceed the Series 2014 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2014 Bonds be deposited in the Series 2014 Bonds Reserve Account. Any remaining proceeds thereafter shall be used as directed by the DEP.

Section 6.02. Disbursements from Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2014 Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2014 Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement as Exhibit C in compliance with the construction schedule; and

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

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

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

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

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

Pending such application, moneys in the Series 2014 Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by the Holder of the Series 2014 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holder of the Series 2014 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2014 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2014 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2014 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2014 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2014 Bonds shall be secured by a first lien on the Net Revenues derived from the System, on parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2014 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal, and the Issuer shall provide an opinion of counsel to the Issuer to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement, and the Issuer shall provide a certificate of a Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be

as set forth in the tariff on file with the Public Service Commission of West Virginia and approved by the Issuer on February __, 2014.

So long as the Series 2014 Bonds is outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2014 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2014 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2014 Bonds, immediately be remitted to the Commission for deposit in the Series 2014 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2014 Bonds. Any balance remaining after the payment of the Series 2014 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefore, 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 Ordinance, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon

consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by Ordinance duly enacted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. Such payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System that rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2014 Bonds. All obligations issued by the Issuer after the issuance of the Series 2014 Bonds that are payable from the revenues of the System, except such additional parity bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2014 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2014 Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2014 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no parity bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2014 Bonds pursuant to this Bond Legislation, except with the prior written consent of DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All parity bonds issued hereunder shall be on parity in all respects with the Series 2014 Bonds.

No such parity bonds shall be issued except for the purpose of financing the costs of the design, acquisition, or construction of extensions and improvements to the System or refunding any outstanding Bonds, or both such purposes.

No parity bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such parity bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such parity bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

(3) The parity bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such parity bonds and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such parity bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk prior to the issuance of such parity bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net

Revenues such additional Net Revenues which would have been received, in the opinion of the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such parity bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such parity bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holder of the Series 2014 Bonds and the Prior Bonds and the Holder of any parity bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any bond of one series over any other bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such parity bonds, in addition to the payments required for bonds theretofore issued pursuant to this Bond Legislation.

Parity bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2014 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2014 Bonds.

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

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

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the

System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. The Issuer shall maintain separate control accounting records. 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 that may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchasers of the Series 2014 Bonds, and shall mail in each year to any Holder or Holders of the Series 2014 Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (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 the Holder of the Series 2014 Bonds, and shall submit said report to the Authority and the DEP, or any other original purchasers of the Series 2014 Bonds. Such audit report submitted to the Authority and the DEP 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.

Subject to the terms, conditions and provisions of the Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the DEP and the Authority, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the DEP and the Authority, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the DEP and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Bond Purchase Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2014 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 such rates and charges so established will be continuously on file with the Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2014 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2014 Bonds, including the Parity Bonds; provided that in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2014 Bonds Reserve Account and

any reserve accounts for obligations on a parity with the Series 2014 Bonds, including the Parity Bonds, are funded at least at the requirement therefore, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2014 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2014 Bonds, including the parity bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and enact by Ordinance a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefore 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 Ordinance duly enacted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all Ordinances authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all Ordinances authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of construction of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Bond Purchase Agreement, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulation, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all State and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Bond Purchase Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in the Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the Project without the prior written approval of the Board of the Authority. Following completion of the Project, the Issuer shall certify to the Authority the number of customers added to the System.

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2014 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for repairs and restoration of the

damaged or destroyed properties, or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKERS' COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract, if any, and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefore.

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

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

The Issuer has obtained all permits required by state and federal laws for the construction of the Project and operation of the System and shall provide a certificate of the Consulting Engineer to such effect, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the construction of the Project and the operation of the System and all approvals for issuance of the Series

2014 Bonds required by state law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to the Issuer to such effect.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2014 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due, on the Series 2014 Bonds during the term thereof is, under the terms of the Series 2014 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2014 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2014 Bonds during the term thereof is, under the terms of the Series 2014 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property, or borrowed money, used or to be used for a Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2014 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2014 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2014 Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to person other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2014 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2014 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2014 Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2014 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2014 Bonds, and shall be on a parity, as to the Series 2014 Bonds with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2014 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP and the Authority for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2014 Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2014 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being provided by the DEP and the Authority in any press release, publication, program, bulletin, sign or other public communication that references the Project, including but not limited to any program

document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENTS; USE OF PROCEEDS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2014 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2014 Bonds as a condition to issuance of the Series 2014 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2014 Bonds as may be necessary in order to maintain the status of the Series 2014 Bonds as governmental bonds; (ii) that it

shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2014 Bonds that would cause any bonds or notes, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or DEP, as the case may be, from which the proceeds of the Series 2014 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2014 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2014 Bonds:

(1) If default occurs in the due and punctual payment of the principal on the Series 2014 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2014 Bonds set forth in this Bond Legislation, any Supplemental Resolution or in the Series 2014 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by

mandamus or other appropriate proceeding enforce all rights of such Registered Owner including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owner of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owner; provided that, all rights and remedies of the Holders of the Series 2014 Bonds shall be on parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bond and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court

to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owner of the Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Holder of the Series 2014 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues, the pledge of future grant proceeds and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2014 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2014 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2014 Bonds, no material modification or amendment of this Ordinance, or of any Ordinance amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owner of the Series 2014 Bonds shall be made without the consent in writing of the Registered Owner of the Series 2014 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2014 Bonds or the rates of interest, if any, thereon, or in the principal amounts thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefore without the consent of the Registered Owner thereof. No amendment or modification shall be made that would

reduce the percentage of the principal amounts of the Series 2014 Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholders as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2014 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owner of the Series 2014 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any court of competent jurisdiction should hold any section, paragraph, clause or provision of this Ordinance invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2014 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All orders or Ordinances, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and at 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, Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Council of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the *Wirt Journal*, a newspaper published and having a general circulation in the Town of Elizabeth, together with a

notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2014 Bonds described in this Ordinance and that any person interested may appear before the Council at the public hearing to be had at a public meeting of Council on the 13th day of March, 2014, at 7:00 p.m., in the Council Chambers of the Elizabeth Town Hall at 200 Beverly Street and present protests, and that a copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing, all protests and suggestions shall be heard by the Council, and it shall then take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 13th day of March, 2014.

TOWN OF ELIZABETH

By: _____
Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN OF ELIZABETH on the 13th day of March, 2014.

Dated: March 13, 2014

[SEAL]

_____
Clerk

EXHIBIT A

Bond Purchase Agreement included in bond transcript at Tab 3.

TOWN OF ELIZABETH

SEWER REVENUE BONDS
SERIES 2014 (WV CWSRF PROGRAM)

BOND ORDINANCE

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TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WV CWSRF PROGRAM)
AND
SERIES 2014 B (WV CWSRF PROGRAM)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNTS, DATE, MATURITY DATE, INTEREST RATES, PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE TOWN OF ELIZABETH, SEWER REVENUE BONDS, SERIES 2014 A (WV CWSRF PROGRAM) AND SERIES 2014 B (WV CWSRF PROGRAM); AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF THE SERIES 2014 BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMNT WITH RESPECT TO THE SERIES 2014 BONDS; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BOND.

WHEREAS, the Town Council (the "Governing Body") of the Town of Elizabeth (the "Issuer") has duly and officially enacted a Bond Ordinance on December 12, 2013 (the "Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF ELIZABETH AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN $2,972,400 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SEWER REVENUE BONDS, SERIES 2014 (WV CWSRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNER OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH

BONDS; AND ENACTING OTHER PROVISIONS RELATING 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 Sewer Revenue Bonds, Series 2014 A (WV CWSRF Program) and Series 2014 B (WV CWSRF PROGRAM) of the Issuer, in the aggregate principal amounts not to exceed $2,972,400 (collectively, the "Series 2014 Bonds"), and authorized the execution and delivery of a Bond Purchase Agreement (the "Agreement") relating to the Series 2014 Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Division of Environmental Protection ("DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the exact principal amounts, date, maturity date, interest rates, payment schedules, sale prices and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be therein provided for;

WHEREAS, the Agreement for the sale of the Series 2014 Bonds has been presented to the Issuer at this meeting;

WHEREAS, the Series 2014 Bonds are proposed to be purchased by the Authority pursuant to the Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Agreement be approved and ratified, that the exact principal amounts, date, maturity date, interest rates, payment schedules, sale prices and other terms of the Series 2014 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2014 Bonds be herein provided for.

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

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 following bonds of the Issuer:

Sewer Revenue Bond, Series 2014A (WV CWSRF PROGRAM), of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $2,471,733. The Series 2014 A Bond shall be dated the date of delivery, shall finally mature September 1, 2052, and shall bear interest at the rate of 0% per annum, plus an administrative fee of 1/2% per annum. The principal of the Series 2014 A Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2015, in the amounts set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2014 A Bond. The Series 2014 A Bond shall be subject to redemption upon the written

consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Agreement, so long as the Authority shall be the Registered Owner of the Series 2014 A Bond.

Sewer Revenue Bond, Series 2014B (WV CWSRF PROGRAM), of the Issuer, originally represented by a single bond, numbered BR-1, in the original principal amount of $500,667. The Series 2014 B Bond shall be dated the date of delivery, shall finally mature September 1, 2052, and shall bear interest at the rate of -3% per annum. The principal of and interest on the Series 2014 B Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2015, in the amounts set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2014 B Bond. The Series 2014 B Bond shall be subject to redemption upon the written consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Agreement, so long as the Authority shall be the Registered Owner of the Series 2014 B Bond.

Section 2. All other provisions relating to the Series 2014 Bonds and the text of the Series 2014 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Issuer hereby ratifies, approves and accepts the Agreement, including all schedules and exhibits attached thereto, a copy of which is incorporated herein by reference and the form of which is attached hereto and incorporated herein as Exhibit A, and the execution and delivery of the Agreement by the Mayor and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed. The Issuer hereby affirms all covenants and representations made in the Agreement and in the applications to DEP and the Authority.

The price of the Series 2014 A Bond shall be 100% of par value, bearing interest at the rate of zero percent (0%) per annum, plus an administrative fee of one percent (1%) per annum, provided that the proceeds of the Series 2014 A Bond shall be advanced from time to time as requisitioned by the Issuer. The price of the Series 2014 B Bond shall be 100% of par value, bearing interest at the rate of negative three percent (-3%) per annum, with principal forgiveness, provided that the proceeds of the Series 2014 B Bond shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer hereby appoints and designates United Bank, Inc., Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2014 Bonds under the Ordinance and approves and accepts the Registrar's Agreement to be dated the date of delivery of the Series 2014 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.

Section 5. 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 2014 Bonds under the Ordinance.

Section 6. The Issuer hereby appoints and designates WesBanco Bank, Inc. to serve as Depository Bank for the Revenue Fund, the Renewal and Replacement Fund and the Series 2014 Construction Trust Fund.

Section 7. The proceeds of the Series 2014 Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2014 Construction Trust Fund, as received by the Issuer for payment of costs of the Project, including costs of issuance of the Series 2014 Bonds.

Section 8. The Mayor and Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2014 Bonds hereby and by the Ordinance approved and provided for, to the end that the Series 2014 Bonds may be delivered to the Authority pursuant to the Agreement on April 3, 2014.

Section 9. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2014 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby determines to invest all 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 Sinking Funds and the Reserve Accounts for the Series 2014 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 11. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Mayor is hereby authorized and directed to execute and deliver all such contracts.

Section 19. The Issuer hereby approves the costs of issuance and authorizes the payment of the same.

Section 20. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 13th day of March, 2014.

Mayor

Clerk

CERTIFICATION

Certified as a true copy of a Supplemental Resolution duly adopted by the Town Council of Town of Elizabeth on the 13th day of March, 2014.

Dated as of the 13th day of March, 2014.

[SEAL]

Brenda Evans
Clerk

Exhibit A

(Form of Bond Purchase Agreement)

SRF-BPA-1
(07/13)

BOND PURCHASE AGREEMENT

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

TOWN OF ELIZABETH
(2011S-1254/C-544143)
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for

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

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

ARTICLE I

Definitions

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

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

1.3 "Decentralized System" means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

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

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

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

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

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

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

1.11 "System" means the wastewater treatment facility owned by the Local Government, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Local Government, subject to any mortgage lien or other security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

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

2.5 The Local Government shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project, in accordance with generally accepted governmental accounting standards. The Local Government shall permit the Authority and DEP, acting by and through their Directors or duly authorized agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at any and all reasonable times for the purpose of audit and examination, and the Local Government shall submit to the Authority and DEP such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, the operation and maintenance of the System and the administration of the Local Bonds proceeds or of any State and federal grants or other sources of financing for the Project.

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

(a) The Local Government shall have delivered to the Authority and DEP a report listing the specific purposes for which the proceeds of the Local Bonds will be expended and the procedures as to the disbursement of bond proceeds, including an estimated monthly draw schedule;

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

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

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

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

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

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

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

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

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

(vii) That the Local Government will not render any free services of the System;

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or

redeem) bond anticipation notes or other interim financing of such Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Local Government may authorize redemption of the Local Bonds with 30 days written notice to the Authority;

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

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

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

(xix) That the Local Government shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and DEP, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and DEP is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for approval. The Local Government shall obtain the written approval

of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.4 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Local Government. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

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

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

ARTICLE V

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

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

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

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

5.4 The Local Government hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Government, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever

calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project.

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

7.5 This Bond Purchase Agreement supersedes all prior negotiations, representations and agreements between the parties hereto relating to the Local Bonds and constitutes the entire agreement between the parties hereto in respect thereof.

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

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

(ii) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or

otherwise being available to purchase the Local Bonds. In the event funds are not appropriated or otherwise available to purchase all of the Local Bonds, the responsibility of the Authority and DEP to purchase the Local Bonds is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Local Bonds is not terminated due to such non-funding on any balance of the Local Bonds. The DEP agrees to use its best efforts to have the amount contemplated under this Bond Purchase Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this Bond Purchase Agreement.

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

TOWN OF ELIZABETH

(SEAL)

By: Lenny McVay
Its: Mayor
Date: April 9, 2014

Attest:

Brenda Evans
Its: Recorder

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: S. H. Mullins
Its: Director
Date: April 3, 2014

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: April 3, 2014

Attest:

Sheila A. Miller
Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

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

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

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

such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Funding Assistance Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xi) the Project was designed and will be constructed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

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

_____

By _____
West Virginia License No. ____

[SEAL]

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

C. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

D. CLOSING REQUIREMENTS – The Closing is contingent on the DEP's receipt of the Final Title Opinion.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

We are bond counsel to _____ (the "Local Government"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated _____, ____, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending _____ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

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

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$2,471,733
Purchase Price of Local Bonds	$2,471,733

The Local Bonds shall bear no interest. Commencing March 1, 2016, principal of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

Number of Proposed New Customers to Be Served: -0-
Location: Town of Elizabeth, Wirt County, West Virginia

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

(i) $49,885.84 Sewer Revenue Bonds, Series 1982 B, and

(ii) $108,000 Sewer Revenue Bonds (State Revolving Fund), Series 1999.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$500,667
Purchase Price of Local Bonds	$500,667

The Series B Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Series B Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Dated Date	4/3/2014
Delivery Date	4/3/2014

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
12/1/2015					
3/1/2016	9,273	-	9,273	1,605.82	10,878.82
6/1/2016	9,273	-	9,273	1,605.82	10,878.82
9/1/2016	9,273	-	9,273	1,605.82	10,878.82
12/1/2016	9,273	-	9,273	1,605.82	10,878.82
3/1/2017	8,890	-	8,890	1,605.82	10,495.82
6/1/2017	8,890	-	8,890	1,605.82	10,495.82
9/1/2017	8,890	-	8,890	1,605.82	10,495.82
12/1/2017	8,890	-	8,890	1,605.82	10,495.82
3/1/2018	12,761	-	12,761	1,605.82	14,366.82
6/1/2018	12,761	-	12,761	1,605.82	14,366.82
9/1/2018	12,761	-	12,761	1,605.82	14,366.82
12/1/2018	12,761	-	12,761	1,605.82	14,366.82
3/1/2019	15,732	-	15,732	1,605.82	17,337.82
6/1/2019	15,732	-	15,732	1,605.82	17,337.82
9/1/2019	15,732	-	15,732	1,605.82	17,337.82
12/1/2019	15,732	-	15,732	1,605.82	17,337.82
3/1/2020	15,732	-	15,732	1,605.82	17,337.82
6/1/2020	15,732	-	15,732	1,605.82	17,337.82
9/1/2020	15,732	-	15,732	1,605.82	17,337.82
12/1/2020	15,732	-	15,732	1,605.82	17,337.82
3/1/2021	16,326	-	16,326	1,605.82	17,931.82
6/1/2021	16,326	-	16,326	1,605.82	17,931.82
9/1/2021	16,326	-	16,326	1,605.82	17,931.82
12/1/2021	16,326	-	16,326	1,605.82	17,931.82
3/1/2022	17,676	-	17,676	1,605.82	19,281.82
6/1/2022	17,676	-	17,676	1,605.82	19,281.82
9/1/2022	17,676	-	17,676	1,605.82	19,281.82
12/1/2022	17,676	-	17,676	1,605.82	19,281.82
3/1/2023	17,676	-	17,676	1,605.82	19,281.82
6/1/2023	17,676	-	17,676	1,605.82	19,281.82
9/1/2023	17,676	-	17,676	1,605.82	19,281.82
12/1/2023	17,676	-	17,676	1,605.82	19,281.82
3/1/2024	17,676	-	17,676	1,605.82	19,281.82
6/1/2024	17,676	-	17,676	1,605.82	19,281.82
9/1/2024	17,676	-	17,676	1,605.82	19,281.82
12/1/2024	17,676	-	17,676	1,605.82	19,281.82
3/1/2025	17,676	-	17,676	1,605.82	19,281.82
6/1/2025	17,676	-	17,676	1,605.82	19,281.82
9/1/2025	17,676	-	17,676	1,605.82	19,281.82
12/1/2025	17,676	-	17,676	1,605.82	19,281.82

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
3/1/2026	17,676	-	17,676	1,605.82	19,281.82
6/1/2026	17,676	-	17,676	1,605.82	19,281.82
9/1/2026	17,676	-	17,676	1,605.82	19,281.82
12/1/2026	17,676	-	17,676	1,605.82	19,281.82
3/1/2027	17,676	-	17,676	1,605.82	19,281.82
6/1/2027	17,676	-	17,676	1,605.82	19,281.82
9/1/2027	17,676	-	17,676	1,605.82	19,281.82
12/1/2027	17,676	-	17,676	1,605.82	19,281.82
3/1/2028	17,676	-	17,676	1,605.82	19,281.82
6/1/2028	17,676	-	17,676	1,605.82	19,281.82
9/1/2028	17,676	-	17,676	1,605.82	19,281.82
12/1/2028	17,676	-	17,676	1,605.82	19,281.82
3/1/2029	17,676	-	17,676	1,605.82	19,281.82
6/1/2029	17,676	-	17,676	1,605.82	19,281.82
9/1/2029	17,676	-	17,676	1,605.82	19,281.82
12/1/2029	17,676	-	17,676	1,605.82	19,281.82
3/1/2030	17,676	-	17,676	1,605.82	19,281.82
6/1/2030	17,676	-	17,676	1,605.82	19,281.82
9/1/2030	17,676	-	17,676	1,605.82	19,281.82
12/1/2030	17,676	-	17,676	1,605.82	19,281.82
3/1/2031	17,676	-	17,676	1,605.82	19,281.82
6/1/2031	17,676	-	17,676	1,605.82	19,281.82
9/1/2031	17,676	-	17,676	1,605.82	19,281.82
12/1/2031	17,676	-	17,676	1,605.82	19,281.82
3/1/2032	17,676	-	17,676	1,605.82	19,281.82
6/1/2032	17,676	-	17,676	1,605.82	19,281.82
9/1/2032	17,676	-	17,676	1,605.82	19,281.82
12/1/2032	17,676	-	17,676	1,605.82	19,281.82
3/1/2033	17,676	-	17,676	1,605.82	19,281.82
6/1/2033	17,676	-	17,676	1,605.82	19,281.82
9/1/2033	17,676	-	17,676	1,605.82	19,281.82
12/1/2033	17,676	-	17,676	1,605.82	19,281.82
3/1/2034	17,676	-	17,676	1,605.82	19,281.82
6/1/2034	17,676	-	17,676	1,605.82	19,281.82
9/1/2034	17,676	-	17,676	1,605.82	19,281.82
12/1/2034	17,676	-	17,676	1,605.82	19,281.82
3/1/2035	17,676	-	17,676	1,605.82	19,281.82
6/1/2035	17,676	-	17,676	1,605.82	19,281.82
9/1/2035	17,676	-	17,676	1,605.82	19,281.82
12/1/2035	17,676	-	17,676	1,605.82	19,281.82
3/1/2036	17,676	-	17,676	1,605.82	19,281.82
6/1/2036	17,676	-	17,676	1,605.82	19,281.82

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
9/1/2036	17,676	-	17,676	1,605.82	19,281.82
12/1/2036	17,676	-	17,676	1,605.82	19,281.82
3/1/2037	17,676	-	17,676	1,605.82	19,281.82
6/1/2037	17,676	-	17,676	1,605.82	19,281.82
9/1/2037	17,676	-	17,676	1,605.82	19,281.82
12/1/2037	17,676	-	17,676	1,605.82	19,281.82
3/1/2038	17,676	-	17,676	1,605.82	19,281.82
6/1/2038	17,676	-	17,676	1,605.82	19,281.82
9/1/2038	17,676	-	17,676	1,605.82	19,281.82
12/1/2038	17,676	-	17,676	1,605.82	19,281.82
3/1/2039	17,676	-	17,676	1,605.82	19,281.82
6/1/2039	17,676	-	17,676	1,605.82	19,281.82
9/1/2039	17,676	-	17,676	1,605.82	19,281.82
12/1/2039	17,676	-	17,676	1,605.82	19,281.82
3/1/2040	17,676	-	17,676	1,605.82	19,281.82
6/1/2040	17,676	-	17,676	1,605.82	19,281.82
9/1/2040	17,676	-	17,676	1,605.82	19,281.82
12/1/2040	17,676	-	17,676	1,605.82	19,281.82
3/1/2041	17,676	-	17,676	1,605.82	19,281.82
6/1/2041	17,676	-	17,676	1,605.82	19,281.82
9/1/2041	17,676	-	17,676	1,605.82	19,281.82
12/1/2041	17,676	-	17,676	1,605.82	19,281.82
3/1/2042	17,676	-	17,676	1,605.82	19,281.82
6/1/2042	17,676	-	17,676	1,605.82	19,281.82
9/1/2042	17,676	-	17,676	1,605.82	19,281.82
12/1/2042	17,676	-	17,676	1,605.82	19,281.82
3/1/2043	17,676	-	17,676	1,605.82	19,281.82
6/1/2043	17,676	-	17,676	1,605.82	19,281.82
9/1/2043	17,676	-	17,676	1,605.82	19,281.82
12/1/2043	17,676	-	17,676	1,605.82	19,281.82
3/1/2044	17,676	-	17,676	1,605.82	19,281.82
6/1/2044	17,676	-	17,676	1,605.82	19,281.82
9/1/2044	17,676	-	17,676	1,605.82	19,281.82
12/1/2044	17,676	-	17,676	1,605.82	19,281.82
3/1/2045	17,676	-	17,676	1,605.82	19,281.82
6/1/2045	17,676	-	17,676	1,605.82	19,281.82
9/1/2045	17,676	-	17,676	1,605.82	19,281.82
12/1/2045	17,676	-	17,676	1,605.82	19,281.82
3/1/2046	17,676	-	17,676	1,605.82	19,281.82
6/1/2046	17,676	-	17,676	1,605.82	19,281.82
9/1/2046	17,676	-	17,676	1,605.82	19,281.82
12/1/2046	17,676	-	17,676	1,605.82	19,281.82

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
3/1/2047	17,676	-	17,676	1,605.82	19,281.82
6/1/2047	17,676	-	17,676	1,605.82	19,281.82
9/1/2047	17,676	-	17,676	1,605.82	19,281.82
12/1/2047	17,676	-	17,676	1,605.82	19,281.82
3/1/2048	17,676	-	17,676	1,605.82	19,281.82
6/1/2048	17,676	-	17,676	1,605.82	19,281.82
9/1/2048	17,676	-	17,676	1,605.82	19,281.82
12/1/2048	17,676	-	17,676	1,605.82	19,281.82
3/1/2049	17,676	-	17,676	1,605.82	19,281.82
6/1/2049	17,676	-	17,676	1,605.82	19,281.82
9/1/2049	17,676	-	17,676	1,605.82	19,281.82
12/1/2049	17,676	-	17,676	1,605.82	19,281.82
3/1/2050	17,676	-	17,676	1,605.82	19,281.82
6/1/2050	17,676	-	17,676	1,605.82	19,281.82
9/1/2050	17,676	-	17,676	1,605.82	19,281.82
12/1/2050	17,676	-	17,676	1,605.82	19,281.82
3/1/2051	17,676	-	17,676	1,605.82	19,281.82
6/1/2051	17,676	-	17,676	1,605.82	19,281.82
9/1/2051	17,676	-	17,676	1,605.82	19,281.82
12/1/2051	17,676	-	17,676	1,605.82	19,281.82
3/1/2052	17,676	-	17,676	1,605.82	19,281.82
6/1/2052	17,676	-	17,676	1,605.82	19,281.82
9/1/2052	405	-	405	1,605.82	2,010.82
	2,471,733	-	2,471,733	236,055.54 *	

The quarterly administrative fee of $1,605.82 reflects a total administrative expense of $236,055.54 over the life of the loan.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 A
(WEST VIRGINIA CWSRF PROGRAM)

No. AR-1 $2,471,733

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Wirt County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of TWO MILLION FOUR HUNDRED SEVENTY-ONE THOUSAND SEVEN HUNDRED THIRTY-THREE DOLLARS ($2,471,733), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of zero percent (0%) per annum, plus a 0.5% annual administrative fee, beginning March 1, 2016. Principal and interest installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated April 3, 2014.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code

SPECIMEN

of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 13, 2014, and a Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $49,885.84 SEWER REVENUE BONDS, SERIES 1982 B, (ii) $108,000 SEWER REVENUE BONDS (STATE REVOLVING FUND), SERIES 1999, AND (iii) $297,387 SEWER REFUNDING REVENUE BOND, SERIES 2001 A (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $500,667 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2014 B.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2014 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated April 3, 2014.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2014 A Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 3, 2014.

United Bank, Inc., as Registrar

By: _____
Vice President

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$246,708.00	4/3/14	(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

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EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Dated Date	04/03/14
Delivery Date	04/03/14

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
12/01/15					
03/01/16	9,273	-	9,273	1,605.82	10,878.82
06/01/16	9,273	-	9,273	1,605.82	10,878.82
09/01/16	9,273	-	9,273	1,605.82	10,878.82
12/01/16	9,273	-	9,273	1,605.82	10,878.82
03/01/17	8,890	-	8,890	1,605.82	10,495.82
06/01/17	8,890	-	8,890	1,605.82	10,495.82
09/01/17	8,890	-	8,890	1,605.82	10,495.82
12/01/17	8,890	-	8,890	1,605.82	10,495.82
03/01/18	12,761	-	12,761	1,605.82	14,366.82
06/01/18	12,761	-	12,761	1,605.82	14,366.82
09/01/18	12,761	-	12,761	1,605.82	14,366.82
12/01/18	12,761	-	12,761	1,605.82	14,366.82
03/01/19	15,732	-	15,732	1,605.82	17,337.82
06/01/19	15,732	-	15,732	1,605.82	17,337.82
09/01/19	15,732	-	15,732	1,605.82	17,337.82
12/01/19	15,732	-	15,732	1,605.82	17,337.82
03/01/20	15,732	-	15,732	1,605.82	17,337.82
06/01/20	15,732	-	15,732	1,605.82	17,337.82
09/01/20	15,732	-	15,732	1,605.82	17,337.82
12/01/20	15,732	-	15,732	1,605.82	17,337.82
03/01/21	16,326	-	16,326	1,605.82	17,931.82
06/01/21	16,326	-	16,326	1,605.82	17,931.82
09/01/21	16,326	-	16,326	1,605.82	17,931.82
12/01/21	16,326	-	16,326	1,605.82	17,931.82
03/01/22	17,676	-	17,676	1,605.82	19,281.82
06/01/22	17,676	-	17,676	1,605.82	19,281.82
09/01/22	17,676	-	17,676	1,605.82	19,281.82
12/01/22	17,676	-	17,676	1,605.82	19,281.82
03/01/23	17,676	-	17,676	1,605.82	19,281.82
06/01/23	17,676	-	17,676	1,605.82	19,281.82
09/01/23	17,676	-	17,676	1,605.82	19,281.82
12/01/23	17,676	-	17,676	1,605.82	19,281.82
03/01/24	17,676	-	17,676	1,605.82	19,281.82
06/01/24	17,676	-	17,676	1,605.82	19,281.82
09/01/24	17,676	-	17,676	1,605.82	19,281.82
12/01/24	17,676	-	17,676	1,605.82	19,281.82
03/01/25	17,676	-	17,676	1,605.82	19,281.82
06/01/25	17,676	-	17,676	1,605.82	19,281.82
09/01/25	17,676	-	17,676	1,605.82	19,281.82
12/01/25	17,676	-	17,676	1,605.82	19,281.82

SPECIMEN

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
03/01/26	17,676	-	17,676	1,605.82	19,281.82
06/01/26	17,676	-	17,676	1,605.82	19,281.82
09/01/26	17,676	-	17,676	1,605.82	19,281.82
12/01/26	17,676	-	17,676	1,605.82	19,281.82
03/01/27	17,676	-	17,676	1,605.82	19,281.82
06/01/27	17,676	-	17,676	1,605.82	19,281.82
09/01/27	17,676	-	17,676	1,605.82	19,281.82
12/01/27	17,676	-	17,676	1,605.82	19,281.82
03/01/28	17,676	-	17,676	1,605.82	19,281.82
06/01/28	17,676	-	17,676	1,605.82	19,281.82
09/01/28	17,676	-	17,676	1,605.82	19,281.82
12/01/28	17,676	-	17,676	1,605.82	19,281.82
03/01/29	17,676	-	17,676	1,605.82	19,281.82
06/01/29	17,676	-	17,676	1,605.82	19,281.82
09/01/29	17,676	-	17,676	1,605.82	19,281.82
12/01/29	17,676	-	17,676	1,605.82	19,281.82
03/01/30	17,676	-	17,676	1,605.82	19,281.82
06/01/30	17,676	-	17,676	1,605.82	19,281.82
09/01/30	17,676	-	17,676	1,605.82	19,281.82
12/01/30	17,676	-	17,676	1,605.82	19,281.82
03/01/31	17,676	-	17,676	1,605.82	19,281.82
06/01/31	17,676	-	17,676	1,605.82	19,281.82
09/01/31	17,676	-	17,676	1,605.82	19,281.82
12/01/31	17,676	-	17,676	1,605.82	19,281.82
03/01/32	17,676	-	17,676	1,605.82	19,281.82
06/01/32	17,676	-	17,676	1,605.82	19,281.82
09/01/32	17,676	-	17,676	1,605.82	19,281.82
12/01/32	17,676	-	17,676	1,605.82	19,281.82
03/01/33	17,676	-	17,676	1,605.82	19,281.82
06/01/33	17,676	-	17,676	1,605.82	19,281.82
09/01/33	17,676	-	17,676	1,605.82	19,281.82
12/01/33	17,676	-	17,676	1,605.82	19,281.82
03/01/34	17,676	-	17,676	1,605.82	19,281.82
06/01/34	17,676	-	17,676	1,605.82	19,281.82
09/01/34	17,676	-	17,676	1,605.82	19,281.82
12/01/34	17,676	-	17,676	1,605.82	19,281.82
03/01/35	17,676	-	17,676	1,605.82	19,281.82
06/01/35	17,676	-	17,676	1,605.82	19,281.82
09/01/35	17,676	-	17,676	1,605.82	19,281.82
12/01/35	17,676	-	17,676	1,605.82	19,281.82
03/01/36	17,676	-	17,676	1,605.82	19,281.82
06/01/36	17,676	-	17,676	1,605.82	19,281.82

SPECIMEN

Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
09/01/36	17,676	-	17,676	1,605.82	19,281.82
12/01/36	17,676	-	17,676	1,605.82	19,281.82
03/01/37	17,676	-	17,676	1,605.82	19,281.82
06/01/37	17,676	-	17,676	1,605.82	19,281.82
09/01/37	17,676	-	17,676	1,605.82	19,281.82
12/01/37	17,676	-	17,676	1,605.82	19,281.82
03/01/38	17,676	-	17,676	1,605.82	19,281.82
06/01/38	17,676	-	17,676	1,605.82	19,281.82
09/01/38	17,676	-	17,676	1,605.82	19,281.82
12/01/38	17,676	-	17,676	1,605.82	19,281.82
03/01/39	17,676	-	17,676	1,605.82	19,281.82
06/01/39	17,676	-	17,676	1,605.82	19,281.82
09/01/39	17,676	-	17,676	1,605.82	19,281.82
12/01/39	17,676	-	17,676	1,605.82	19,281.82
03/01/40	17,676	-	17,676	1,605.82	19,281.82
06/01/40	17,676	-	17,676	1,605.82	19,281.82
09/01/40	17,676	-	17,676	1,605.82	19,281.82
12/01/40	17,676	-	17,676	1,605.82	19,281.82
03/01/41	17,676	-	17,676	1,605.82	19,281.82
06/01/41	17,676	-	17,676	1,605.82	19,281.82
09/01/41	17,676	-	17,676	1,605.82	19,281.82
12/01/41	17,676	-	17,676	1,605.82	19,281.82
03/01/42	17,676	-	17,676	1,605.82	19,281.82
06/01/42	17,676	-	17,676	1,605.82	19,281.82
09/01/42	17,676	-	17,676	1,605.82	19,281.82
12/01/42	17,676	-	17,676	1,605.82	19,281.82
03/01/43	17,676	-	17,676	1,605.82	19,281.82
06/01/43	17,676	-	17,676	1,605.82	19,281.82
09/01/43	17,676	-	17,676	1,605.82	19,281.82
12/01/43	17,676	-	17,676	1,605.82	19,281.82
03/01/44	17,676	-	17,676	1,605.82	19,281.82
06/01/44	17,676	-	17,676	1,605.82	19,281.82
09/01/44	17,676	-	17,676	1,605.82	19,281.82
12/01/44	17,676	-	17,676	1,605.82	19,281.82
03/01/45	17,676	-	17,676	1,605.82	19,281.82
06/01/45	17,676	-	17,676	1,605.82	19,281.82
09/01/45	17,676	-	17,676	1,605.82	19,281.82
12/01/45	17,676	-	17,676	1,605.82	19,281.82
03/01/46	17,676	-	17,676	1,605.82	19,281.82
06/01/46	17,676	-	17,676	1,605.82	19,281.82
09/01/46	17,676	-	17,676	1,605.82	19,281.82
12/01/46	17,676	-	17,676	1,605.82	19,281.82

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Bond Debt Service
Town of Elizabeth
CW SRF
$2,471,733
0% Interest Rate
0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Quarterly Adm fee	Total Qtrly Repayment
03/01/47	17,676	-	17,676	1,605.82	19,281.82
06/01/47	17,676	-	17,676	1,605.82	19,281.82
09/01/47	17,676	-	17,676	1,605.82	19,281.82
12/01/47	17,676	-	17,676	1,605.82	19,281.82
03/01/48	17,676	-	17,676	1,605.82	19,281.82
06/01/48	17,676	-	17,676	1,605.82	19,281.82
09/01/48	17,676	-	17,676	1,605.82	19,281.82
12/01/48	17,676	-	17,676	1,605.82	19,281.82
03/01/49	17,676	-	17,676	1,605.82	19,281.82
06/01/49	17,676	-	17,676	1,605.82	19,281.82
09/01/49	17,676	-	17,676	1,605.82	19,281.82
12/01/49	17,676	-	17,676	1,605.82	19,281.82
03/01/50	17,676	-	17,676	1,605.82	19,281.82
06/01/50	17,676	-	17,676	1,605.82	19,281.82
09/01/50	17,676	-	17,676	1,605.82	19,281.82
12/01/50	17,676	-	17,676	1,605.82	19,281.82
03/01/51	17,676	-	17,676	1,605.82	19,281.82
06/01/51	17,676	-	17,676	1,605.82	19,281.82
09/01/51	17,676	-	17,676	1,605.82	19,281.82
12/01/51	17,676	-	17,676	1,605.82	19,281.82
03/01/52	17,676	-	17,676	1,605.82	19,281.82
06/01/52	17,676	-	17,676	1,605.82	19,281.82
09/01/52	405	-	405	1,605.82	2,010.82
	2,471,733	-	2,471,733	236,055.54 *	

The quarterly administrative fee of $1,605.82 reflects a total administrative expense of $236,055.54 over the life of the loan.

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

SPECIMEN

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 A
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. AR-1	$2,471,733	April 3, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.

By: _____
Vice President

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 B
(WEST VIRGINIA CWSRF PROGRAM)

No. BR-1 $500,667

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH, a municipal corporation, public corporation and political subdivision of the State of West Virginia in Wirt County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefore, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of FIVE HUNDRED THOUSAND SIX HUNDRED SIXTY-SEVEN DOLLARS ($500,667), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein. This Bond shall not be subject to the Administrative Fee.

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth in the Bond Purchase Agreement. The Bond shall be deemed no longer outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated April 3, 2014.

This Bond is issued (i) to pay a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the improvements and extensions constructed by the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on March 13, 2014, and a Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for this Bond under the Bond Legislation.

SPECIMEN

THIS BOND IS ISSUED ON PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (i) $49,885.84 SEWER REVENUE BONDS, SERIES 1982 B, (ii) $108,000 SEWER REVENUE BONDS (STATE REVOLVING FUND), SERIES 1999 AND (iii) $297,387 SEWER REFUNDING REVENUE BOND, SERIES 2001 A (COLLECTIVELY, THE "PRIOR BONDS"), AND SIMULTANEOUSLY WITH THE ISSUER'S $2,471,733 SEWER REVENUE BOND (WV CWSRF PROGRAM), SERIES 2014 A.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds from moneys in the reserve account created under the Bond Legislation for this Bond (the "Series 2014 Bond Reserve Account") and unexpended proceeds of this Bond. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds that may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2014 Bonds Reserve Account and unexpended proceeds of this Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on this Bond and all other obligations secured by a lien on or payable from such revenues on a parity with this Bond, including the Prior Bonds; provided however, that so long as there exists in the Series 2014 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on this Bond in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on parity with this Bond, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owner of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

SPECIMEN

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of constructing the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated April 3, 2014.

[SEAL]

SPECIMEN

Mayor

ATTEST:

SPECIMEN

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 2014 B Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 3, 2014.

United Bank, Inc., as Registrar

By: _____
Vice President

SPECIMEN

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $0.00	4/3/14	(6) $	
(2) $		(7) $	
(3) $		(8) $	
(4) $		(9) $	
(5) $		(10) $	

TOTAL $_____

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EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

(Form of)

ASSIGNMENT

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

Dated: _____, 20__.

_____

In the presence of:

_____

SPECIMEN

BOND REGISTER

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 2014 B
(WV CWSRF PROGRAM)

Bond Number	Principal Amount	Date of Bond
No. BR-1	$500,667	April 3, 2014

NO WRITING ON THIS BOND REGISTER EXCEPT BY THE REGISTRAR

Name of Registered Owner:

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Signature of Registrar:

United Bank, Inc.

By: _____
Vice President

GOODWIN

Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
Charleston, WV 25301-1678

T (304) 346-7000
F (304) 344-9692

www goodwingoodwin com

April 3, 2014

Town of Elizabeth
Elizabeth, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Town of Elizabeth, Sewer Revenue Bonds
Series 2014 A (West Virginia CWSRF Program) and
Series 2014 B (West Virginia CWSRF Program)

Ladies and Gentlemen:

We have served as bond counsel to the Town of Elizabeth (the "Issuer") in connection with the issuance of its Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) (the "Series 2014 A Bond") and Series 2014 B (West Virginia CWSRF Program) (the "Series 2014 B Bond" and, together with the Series 2014 A Bond, collectively, the "Bonds"), dated the date hereof.

We have examined certified copies of proceedings and other papers relating to the authorization of (i) the Bond Purchase Agreement for the Bonds, dated April 3, 2014, including all schedules and exhibits attached thereto (the "Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP") and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Agreement.

The Series 2014 A Bond is issued in the principal amount of $2,471,733, in the form of one bond, registered to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2016, all as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2014 A Bond. The Series 2014 A Bond is subject to the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2014 A Bond as set forth in the Schedule Y attached to the Agreement and incorporated in and made a part of the Series 2014 A Bond.

The Series 2014 B Bond is issued in the principal amount of $500,667, in the form of one bond, registered to the Authority, bearing no interest, with principal forgiveness, with principal amounts advanced under the Series 2014 B Bond being deemed forgiven on the 30th day of June in the fiscal year in which advanced.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 16 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of constructing certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act and a Bond Ordinance duly enacted by the Issuer on March 13, 2014, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Ordinance"), pursuant to and under which Act and Ordinance the Bonds are authorized and issued, and the Agreement is entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and the Agreement when used herein.

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

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

2. The Agreement 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 Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority and the DEP or diminish the obligations of the Issuer, without the written consent of the Authority and the DEP.

GOODWIN

4. The Issuer has legally and effectively enacted and adopted the Ordinance and 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 contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and a 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 Prior Bonds, all in accordance with the terms of the Bonds and the Ordinance.

6. Under the Act, the Bonds and the interest thereon are exempt from taxation by the State of West Virginia and the other taxing bodies of the State.

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

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

We have examined the executed and authenticated Bonds numbered AR-1 and BR-1 and, in our opinion, the forms of said Bonds and their execution and authentication are regular and proper.

Respectfully submitted,

Goodwin & Goodwin, LLP

GOODWIN & GOODWIN, LLP

GOODWIN

Goodwin & Goodwin, LLP
300 Summers Street
Suite 1500
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April 3, 2014

Town of Elizabeth
Elizabeth, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Town of Elizabeth, Sewer Revenue Bonds
Series 2014 A (West Virginia CWSRF Program)
and Series 2014 B (West Virginia CWSRF Program)

Ladies and Gentlemen:

We are counsel to Town of Elizabeth (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Goodwin & Goodwin, LLP, as bond counsel, relating to the above-captioned bonds of the Issuer (the "Bonds"), the Bond Purchase Agreement for the Bonds, dated April 3, 2014, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), a Bond Ordinance duly enacted by the Town Council of the Issuer (the "Council") on March 13, 2014, as supplemented by a Supplemental Resolution duly adopted by the Council on March 13, 2014 (collectively, the "Ordinance"), the Charter of the Issuer and the election of members of the Council, and other documents relating to the Bonds and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Purchase Agreement and the Ordinance when used herein.

We are of the opinion that:

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

2. The members, officials and officers of the Issuer and Council have been duly and properly elected, have taken the requisite oaths and are thereby authorized to act on behalf of the Issuer in their respective capacities.

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

4. The Ordinance has been duly enacted by the Council and is in full force and effect.

5. The execution and delivery of the Bonds and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement and the Ordinance, and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject and of which we are aware.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates, registrations and authorizations necessary for the creation and existence of the Issuer and the issuance of the Bonds.

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

8. To the best of our knowledge, the successful bidder has made the required provisions for all payment and performance bonds, such bonds have been verified for accuracy, and such bonds have been delivered and are in full force and effect as of the date hereof. Based upon our review of the contract and surety bonds in connection with the Project, we are of the opinion that such surety bonds (1) are in compliance with the contract; (2) are adequate in form, substance and amount to protect the various interest of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Bond Purchase Agreement; and (5) all such documents constitute valid and

legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

The opinions given herein are all subject to the effect upon enforceability of any document under any applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights or the exercise of judicial discretion or principles of equity in appropriate cases.

Our opinion specifically excludes any matters involving the regulatory, tax, securities or public finance activities of the Issuer. This opinion is given for the benefit of those addressed on page 1 hereof and their counsel, in connection with the Bonds, and may not be relied on by them for any other purpose or relied on by any other person, firm or corporation for any purpose whatsoever.

Respectfully submitted,

GOODWIN & GOODWIN, LLP

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April 3, 2014

Town of Elizabeth
Elizabeth, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: Final Title Opinion for Town of Elizabeth

Ladies and Gentlemen:

We are counsel to Town of Elizabeth (the "Issuer") in connection with a proposed project to construct improvements to its existing wastewater treatment plant (the "Project"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") for the Project. Please be advised of the following:

1. The Issuer is a duly created and validly existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia to construct, operate and maintain the Project as approved by the DEP.

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project. In rendering this opinion, we have relied upon the Engineer's Certificate of Thrasher Engineering, Inc., the consulting engineers for the Project.

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

4. No new property, easements or rights of way have to be acquired by the Issuer for the Project. The Issuer has heretofore acquired legal title or such other estate (such as a leasehold estate and agreement to exchange property) or interest in all of the necessary site components for the Project, including all easements and/or rights of way,

sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. All easements and rights of way that have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Wirt County to protect the legal title to and interest of the Issuer.

Respectfully submitted,

GOODWIN & GOODWIN, LLC

Goodwin & Goodwin, LLC

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. PUBLIC SERVICE COMMISSION ORDER
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS
11. INSURANCE
12. BOND PURCHASE AGREEMENT
13. SPECIMEN BOND
14. PROCEEDS
15. CONFLICTS OF INTEREST
16. VERIFICATION OF SCHEDULE
17. PROCUREMENT OF ENGINEERING SERVICES
18. CLEAN WATER ACT
19. COUNTERPARTS

We, the undersigned MAYOR and CLERK of the Town of Elizabeth (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program) (collectively, the "Bonds" or the "Series 2014 Bonds"), dated the date hereof, as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance duly enacted by the Issuer on March 13, 2014, and the Supplemental Resolution duly adopted by the Issuer on March 13, 2014 (collectively, the "Ordinance"), the Bond Purchase Agreement for the Series 2014 Bonds by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated April 3, 2014 (the "Purchase Agreement").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or

affecting in any manner the authorization, issuance, sale and delivery of the 2014 Bonds, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, the pledge and security of the Net Revenues for the Bonds and the Parity Bonds; nor affecting the validity of the 2014 Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the officers of the Issuer or the Town Council thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the authorization, issuance, sale or delivery of the Series 2014 Bonds, the acquisition, construction and equipping of the Project, the operation of the System, the collection or use of the revenues of the System, the pledge and security of the Net Revenues for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations, licenses, orders and certificates required by law for the creation and existence of the Issuer, the acquisition, construction and equipping of the Project, the operation of the System, the imposition of rates and charges and the issuance of the Series 2014 Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited by the Issuer in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia, 1931, as amended, which bids remain in full force and effect.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery of the Purchase Agreement. The Issuer has met all conditions set forth in the Purchase Agreement and will provide the financial, institutional, legal and managerial capabilities necessary to complete and operate the Project.

The Series 2014 Bonds shall be issued on parity with the Parity Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Parity Bonds and the Prior Resolutions and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Parity Bonds have been met and (ii) the written consent of the Holder of the Parity Bonds to the issuance of the Series 2014 Bonds on parity with the Parity Bonds.

5. SIGNATURES AND DELIVERY: The undersigned Mayor and Clerk are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2014 Bonds for the Issuer. The seal impressed upon the Series 2014 Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. As of the date hereof, the undersigned Mayor officially signed the Series 2014 Bonds, upon original issuance of two separate bonds, dated the date hereof, by her manual signature; the undersigned Clerk officially caused the seal of the Issuer to be affixed upon the Series 2014 Bonds and attested by her manual signature; the Registrar officially registered, authenticated and delivered the Series 2014 Bonds

to a representative of the Authority as the original purchaser of the Series 2014 Bonds under the Purchase Agreement.

6. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the PSC entered on February 13, 2014, in Case No. 13-1357-S-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving financing for the acquisition, construction and equipping of the Project and the rates for the System. The time for appeal of the Recommended Decision entered on February 13, 2014, expired prior to the date hereof without any appeal having been filed. Such order remains in full force and effect.

The Issuer has duly published the required notice with respect to, among other things, the amounts of the Series 2014 Bonds to be issued, the interest rate and terms of the Series 2014 Bonds, the Project to be acquired and constructed and the cost of the Project.

7. RATES: The rates for the System, as adopted by the Town Council, became effective on December 12, 2013.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Elizabeth", and it is a municipal corporation organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Wirt County of said State. The governing body of the Issuer is its Town Council, consisting of seven members, whose names and dates of commencement and termination of their current terms are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Penny McVay	May 29, 2012	June 30, 2014
Carl George	May 27, 2012	June 30, 2016
Judith Matheny	May 27, 2010	June 30, 2014
Garland Martin	March 14, 2013	June 30, 2014
Bobbi Moore	May 29, 2012	June 30, 2016
Russell Cline	May 29, 2012	June 30, 2016
Tanya Coplin	February 20, 2014	June 30, 2014

The duly elected or appointed officers of the Issuer are as follows:

Penny McVay, Mayor	May 29, 2012	June 30, 2014
Brenda Evans, Clerk	June 9, 2011	June 30, 2014

The duly appointed and acting attorney for the Issuer is Goodwin & Goodwin, LLP of Charleston, West Virginia.

9. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition, construction and equipping of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2014 Bonds.

10. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, enacted, adopted and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2014 Bonds and the acquisition, construction, equipping, operation and financing of the Project or the System were authorized, enacted or adopted at meetings of the Issuer duly and regularly or specifically called and held pursuant to all applicable statutes, and a quorum of duly elected, appointed, qualified and/or acting members of the Issuer or Town Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain Workers' Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance and the Purchase Agreement. All insurance for the System required by the Ordinance and the Purchase Agreement are in full force and effect.

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

13. SPECIMEN BONDS: Attached hereto as Exhibit A are specimens of the Series 2014 Bonds that, except as to execution and authentication, are identical in all respects with the Series 2014 Bonds this day delivered to the Authority and being substantially in the forms prescribed in the Ordinance.

14. PROCEEDS: On the date hereof, the Issuer received $246,708.00 from the DEP, being a portion of the principal amount of the Series 2014 A Bond. The balance of the

principal amounts of the Series 2014 Bonds will be advanced to the Issuer from time to time as acquisition, construction and equipping of the Project progresses.

15. CONFLICTS OF INTEREST: No member of Town Council, official, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or the sale of any land, materials, supplies or services to the Issuer, or to any contractor supplying the Issuer, relating to the Series 2014 Bonds, the Ordinance and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

16. VERIFICATION OF SCHEDULE: The final amended Schedule A attached to the Certificate of Consulting Engineer, with the signature of the Mayor and the Consulting Engineer, accurately represents the estimated costs of the acquisition, construction and equipping of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Series 2014 Bonds.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied with all the requirements of Chapter 5G, Article 1 of the Code of West Virginia, 1931, as amended, in the procurement of the engineering services of the Consulting Engineer.

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

19. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Town of Elizabeth as of the 3rd day of April, 2014.

[SEAL]

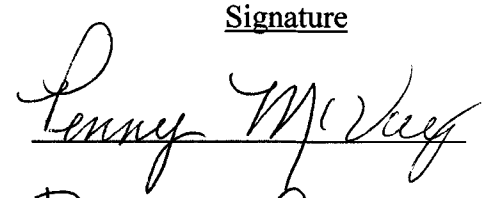
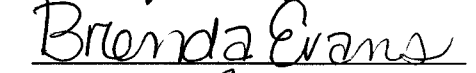
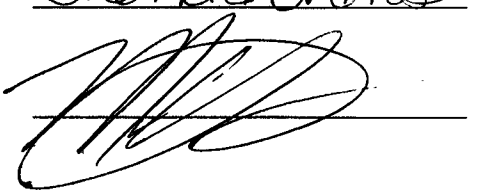
Signature	Official Title
	Mayor
	Clerk
	Attorney

EXHIBIT A

See Specimen Bonds (Tab No. 8)

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WV CWSRF PROGRAM) AND
SERIES 2014 B (WV CWSRF PROGRAM)

ENGINEER'S CERTIFICATE

I, Jonathan C. Carpenter, P.E., of The Thrasher Group, Inc., Charleston, West Virginia, a Registered Professional Engineer, West Virginia License No. 15425, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public wastewater facilities (the "System") of Town of Elizabeth (the "Town"), to be constructed in Wirt County, West Virginia, which project is being financed in part by the above-captioned revenue bonds (the "Bonds") of the Town. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Bond Ordinance enacted by the Town Council of the Town (the "Council") on March 13, 2014, and the Supplemental Resolution adopted by the Council on March 13, 2014 (collectively, the "Ordinance"), and the Bond Purchase Agreement by and among the Town, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection ("DEP") dated April 3, 2014 (the "Bond Purchase Agreement").

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

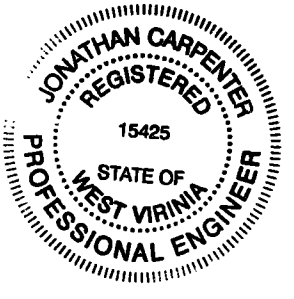
3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP, and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and will have a useful life of at least 40 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule A attached hereto as Exhibit A, and all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, the surety bonds and policies are adequate in form, substance and amount to protect the various interests of the Town; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) in reliance upon the certificate of Michael Griffith, CPA of even date herewith, as of the effective date thereof, the rates and charges for the System as approved by the

Public Service Commission of West Virginia and adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefore, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xii) the Town has obtained all right-of-ways, deeds and/or contracts to purchase and/or exchange land needed to construct the Project and operate the System; and (xiii) attached hereto as Exhibit A is the final amended "Schedule A-Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal as of the 3rd day of April, 2014.

THE THRASHER GROUP, INC.

[SEAL]



By: _____
West Virginia License No. 15425

(Attach Final Schedule A)

SCHEDULE B--TOTAL PROJECT

Elizabeth - WWTP Replacement

SEWER PROJECT - IJDC #2011S-1254, DEP CWSRF C-544143

COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

3/20/2014

A. Cost of Project	Total	CWSRF (0%, 40 yrs)	CWSRF Debt Forgiveness	TOTAL
1. Construction				
a. Contract 1	$ 2,342,168	$ 1,933,983	$ 408,185	$ 2,342,168
b. Construction Contingency	$ 92,482		$ 92,482	$ 92,482
2. Technical Services				
a. Planning	$ 20,000	$ 20,000		$ 20,000
b. Design	$ 123,340	$ 123,340		$ 123,340
c. Bidding	$ 17,620	$ 17,620		$ 17,620
d. Construction Basic	$ 26,430	$ 26,430	$ -	$ 26,430
[redacted]	$ 132,150	$ 132,150	$ -	$ 132,150
f. Special Services	$ 108,310	$ 108,310	$ -	$ 108,310
3. Legal & Administration				
a. Legal - Project	$ 10,450	$ 10,450		$ 10,450
b. Legal - Land & ROW	$ -	$ -	$ -	$ -
c. Accounting	$ 30,000	$ 30,000		$ 30,000
d. Project Coordinator	$ 40,000	$ 40,000	$ -	$ 40,000
4. Sites and Other Lands				
a. Sites and Lands	$ -	$ -	$ -	$ -
b. Right-of-ways	$ -	$ -	$ -	$ -
5. Miscellaneous				
a. Permits	$ 4,000	$ 4,000	$ -	$ 4,000
6. Refinancing	$ -	$ -	$ -	$ -
7. Project Contingency	$ -	$ -	$ -	$ -
8. Sub-Total (lines 1 thru 7)	$ 2,946,950	$ 2,446,283	$ 500,667	$ 2,946,950
B. Cost of Financing				
9. Capitalized Interest	$ -	$ -	$ -	$ -
10. Other Costs	$ -	$ -	$ -	$ -
a. Bond Counsel	$ 24,950	$ 24,950		$ 24,950
b. Bank Registrar Fee	$ 500	$ 500		$ 500
c. Funded Reserve	$ -	$ -	$ -	$ -
d. Refinancing	$ -	$ -	$ -	$ -
11. Total Cost of Financing	$ 25,450	$ 25,450	$ -	$ 25,450
12. Total Project Cost (line 9 plus line 11)	$ 2,972,400	$ 2,471,733	$ 500,667	$ 2,972,400
C. Sources of Funds				
13. Federal Grants:	$ -			$ -
14. State Grants :	$ -			$ -
15. Other Grants:	$ -			$ -
16 Other Sources:	$ -			$ -
17. Total of Sources (lines 13 thru 16)	$ -			$ -
18. Size of Bond Issue	$ 2,972,400	$ 2,471,733		$ 2,972,400

Penny McVay — Authorized Representative — Date

Bob Bragg 3/17/14 — Consulting Engineer — Date

April 3, 2014

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM) AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFIED PUBLIC ACCOUNTANT'S CERTIFICATE

Town of Elizabeth
Elizabeth, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have reviewed the sewer rates of Town of Elizabeth (the "Issuer"), enacted by the Issuer on December 12, 2013, as described in the Recommended Decision of the Public Service Commission of West Virginia entered February 13, 2014, in Case No. 13-1357-S-CN, the projected operating expenses and the anticipated customer usage provided by The Thrasher Group, Inc., the consulting engineer of the Issuer. It is our opinion that such rates are sufficient (i) to provide for all operating expenses of the sewer facilities of the Issuer (the "System") and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Issuer's (a) $87,894 Town of Elizabeth, Sewer Revenue Bonds, Series 1982 B; (b) $108,000 Town of Elizabeth, Sewer Revenue Bonds, Series 1999 (State Revolving Fund); and (c) a note issued by the Town of Elizabeth in 2001 in the amount of $297,387 (collectively, the "Existing Debt"), and its Sewer Revenue Bonds, Series 2014 A (WV CWSRF Program) and Series 2014 B (WV CWSRF Program) (collectively, the "Series 2014 Bonds").

It is further our opinion that the Net Revenues for the fiscal year following the year in which the Series 2014 Bonds are to be issued will be at least 115% of the average annual debt service requirements on the Existing Debt and the Series 2014 Bonds.

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months within the 18 months immediately preceding the date of the actual issuance of the Series 2014 Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2014 Bonds, will not be less than 115% of the maximum annual amount which will mature and become due in any succeeding year for principal of and interest on the Existing Debt and the Series 2014 Bonds.

Very truly yours,

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

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

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM) AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF CLERK AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, Brenda Evans, the duly elected Clerk of the Town of Elizabeth (the "Town"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Bond Ordinance enacted on March 13, 2014.

2. Supplemental Resolution adopted on March 13, 2014.

3. Bond Purchase Agreement dated April 3, 2014.

4. Public Service Commission Recommended Decision entered on February 13, 2014.

5. Infrastructure and Jobs Development Council Approval.

6. Charter of the Town of Elizabeth.

7. Oaths of Office of Mayor, Clerk and Council Members.

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

9. Affidavit of Publication and Abstract of Bond Ordinance.

10. 1982 Bond Ordinance.

11. 1999 Bond Ordinance.

12. 2001 Bond Ordinance.

13. Consents to Issuance of Parity Bonds:

    a. West Virginia Water Development Authority; and

    b. WesBanco Bank, Inc.

14. Evidence of Insurance.

15. NPDES Permit.

WITNESS my signature and the official seal of the Town of Elizabeth as of the 3rd day of April, 2014.

Brenda Evans

(SEAL) Clerk

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the Town of Elizabeth in Wirt County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program), of the Issuer, dated April 3, 2014 (collectively, the "Bonds"), hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly enacted by the Issuer on March 13, 2014, and supplemented by a Supplemental Resolution adopted by the Issuer on March 13, 2014 (collectively, the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 3, 2014, the date on which the Bonds are being physically delivered in exchange for a portion of the principal amounts of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Bonds were sold on April 3, 2014, to the Authority, pursuant to a Bond Purchase Agreement dated April 3, 2014, by and among the Issuer, the Authority and West Virginia Department of Environmental Protection ("DEP"), for the aggregate purchase prices of $2,471,733 and $500,667 (100% of par), at which time, the Issuer received $246,708.00 from the Authority and DEP, being a portion of the principal amount of the Series 2014 A Bonds. No accrued interest has been or will be paid on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquiring, constructing and equipping certain improvements and extensions to the existing public sewer facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. The Issuer shall, on the date hereof or immediately hereafter, enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds for the acquisition, construction and equipping of the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before April 3, 2017. The acquisition, construction and equipping of the Project is expected to be completed by April 3, 2017.

8. The total cost of the Project is estimated at $2,972,400. Sources and uses of funds for the Project are as follows:

SOURCES	
Series 2014 A Bond Proceeds	$2,471,733
Series 2014 B Bond Proceeds	500,667
Total Sources	$2,972,400
USES	
Project Costs	$2,946,950
Cost of Issuance	25,450
Total Uses	$2,972,400

9. Pursuant to Article V of the Bond Ordinance, the following special funds have been created or continued with respect to the Bond:

(1) Revenue Fund;
(2) Renewal and Replacement Fund;
(3) Series 2014 Bonds Sinking Fund;
(4) Series 2014 Bonds Reserve Account; and
(5) Series 2014 Construction Trust Fund.

10. Pursuant to Article VI of the Bond Ordinance, all of the proceeds of the Bonds will be deposited in the Series 2014 Construction Trust Fund and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs, and for no other purpose.

11. Moneys held in the Series 2014 Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition, construction and equipping of the Project.

12. The acquisition, construction and equipping of the Project will proceed with due diligence to completion. The acquisition, construction and equipping of the Project is expected to be completed within 24 months of the date hereof. All proceeds of the Bonds will be expended on the Project within 36 months from the date hereof

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

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

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

16. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

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

18. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of the Bonds so that use of proceeds from the Bonds can be accounted for.

19. The Issuer shall use the Bonds proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

20. The Bonds are not federally guaranteed.

21. The Issuer has retained the right to amend the Bond Ordinance authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain a governmental or public purpose bond.

22. The Issuer has either (a) funded the Series 2014 Bonds Reserve Account at the maximum amount of principal which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2014 Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until the Series 2014 Bonds Reserve Account holds an amount equal to the maximum amount of principal which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Series 2014 Bonds Reserve Account and the Series 2014 Bonds Sinking Fund will be used solely to pay principal of the Bonds and will not be available to pay costs of the Project.

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

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

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

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

WITNESS my signature as of this 3rd day of April, 2014.

TOWN OF ELIZABETH

By: _____
Mayor

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue, Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM
Date of Report: March 27, 2014

ISSUE: Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program)

ADDRESS: 200 Beverly Street
Elizabeth, WV 26143 COUNTY: Wirt

PURPOSE OF ISSUE: New Money X

ISSUE DATE: April 3, 2014 CLOSING DATE: April 3, 2014

ISSUE AMOUNTS: $2,471,733 and $500,667

RATES: 0% interest rate and 0.5% administrative fee on Series 2014 A Bond
0% interest rate on Series 2014 B Bond

1ST DEBT SERVICE DUE: March 1, 2016 1ST PRINCIPAL DUE: March 1, 2016

1ST DEBT SERVICE AMT.:$10,878.82 PAYING AGENT: Municipal Bond Comm.

BOND COUNSEL: Goodwin & Goodwin, LLP
Contact Person: W.K. Bragg, Jr.
Phone 346-7000

LENDER: West Virginia Department of Environmental Protection
Contact Person: Rosalie Brodersen
Phone: (304) 926-0496 Ext. 1608

KNOWLEDGEABLE ISSUER CONTACT:
Contact Person: Brenda Evans
Position: Clerk
Phone: (304) 275-3200

----------DEPOSITS TO MBC AT CLOSE----------

___ Accrued Interest: $ 0
___ Capitalized Interest: $ 0
By ___ Wire ___ Reserve Account: $ 0
___ Check ___ Other: $ 0

----------REFUNDS & TRANSFERS BY MBC AT CLOSE----------

___ To Escrow Trustee: $ N/A
By ___ Wire ___ To Issuer: $ N/A
___ Check ___ To Cons. Invest. Fund: $ N/A
___ IGT ___ Other: _____ $_____

Notes: Series B: Principal Forgiveness

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED:_____

TRANSFERS REQUIRED:_____

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF DEPOSITORY BANK

WesBanco Bank, Inc., at its office located in Elizabeth, Wirt County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of Town of Elizabeth (the "Town") duly enacted by the Town Council of the Town (the "Council") on March 13, 2014, and supplemented by a Supplemental Resolution adopted by the Council of the Town on March 13, 2014 (collectively, the "Ordinance"), authorizing issuance of Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program), dated April 3, 2014, in the principal amounts of $2,471,733 and $500,667, and agrees to perform all duties of Depository Bank as set forth in the Ordinance.

Witness my signature as of the 3rd day of April, 2014.

WESBANCO BANK, INC.

By: _____
Branch Manager

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

ACCEPTANCE OF APPOINTMENT OF REGISTRAR

United Bank, Inc, at its office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance of Town of Elizabeth (the "Town") duly enacted by the Town Council of the Town (the "Council") on March 13, 2014, and supplemented by a Supplemental Resolution adopted by the Issuer on March 13, 2014 (collectively, the "Ordinance"), authorizing the issuance of Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program), dated April 3, 2014, in the principal amount of $2,471,733 and $500,667, and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 3rd day of April, 2014.

UNITED BANK, INC.

By: _____
Vice President

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 3rd day of April, 2014, by and between TOWN OF ELIZABETH, a municipality, public corporation and political subdivision duly created under the laws of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., at its office located in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $2,471,733 and $500,667 aggregate principal amounts of Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program) in fully registered forms (collectively, the "Bonds") pursuant to a Bond Ordinance enacted by the Issuer on March 13, 2014, as amended by a Supplemental Resolution adopted by the Issuer on March13, 2014 (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 the appointment by the Issuer of a Registrar for the Bond; 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 the Registrar, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver the Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bond from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen

signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation heretofore agreed by the parties and set forth in the attached invoice.

5. It is intended that this Registrar's Agreement shall carry out and implement the 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 sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Town of Elizabeth
Attention: Clerk
200 Beverly Street
Elizabeth, WV 26143

REGISTRAR: United Bank, Inc.
Attention: Kathy Smith
500 Virginia Street, East
Charleston, WV 25301

8. The Registrar is hereby requested and authorized to register, authenticate and deliver the Bonds in accordance with the Ordinance and instructions provided by the Issuer.

IN WITNESS WHEREOF, TOWN OF ELIZABETH and UNITED BANK, INC. have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

TOWN OF ELIZABETH

By: _____
Mayor

UNITED BANK, INC.

By: _____
Vice President

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CERTIFICATE OF REGISTRATION

I, Kathy Smith, as Vice President, of United Bank, Inc., as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Town of Elizabeth (the "Town") dated as of the date hereof, hereby certify that on the 3rd day of April, 2014, the Bonds of the Town in the principal amount of $2,471,733, designated "Town of Elizabeth, Sewer Revenue Bond, Series 2014 A (West Virginia CWSRF Program)", numbered AR-1, and dated as of the date hereof, and in the principal amount of $500,667, designated "Town of Elizabeth, Sewer Revenue Bond, Series 2014 B (West Virginia CWSRF Program)", numbered BR-1, and dated as of the date hereof, were registered as to principal only in the name of the "West Virginia Water Development Authority", on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 3rd day of April, 2014.

UNITED BANK, INC., as Registrar

By: _____
Vice President

TOWN OF ELIZABETH

SEWER REVENUE BONDS, SERIES 1981
and
BOND AND GRANT ANTICIPATION NOTES

BOND AND NOTES ORDINANCE

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TOWN OF ELIZABETH

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION, ADDITIONS, EXTENSIONS AND IMPROVEMENTS FOR THE EXISTING SEWAGE FACILITIES OF THE TOWN OF ELIZABETH, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $475,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1981, BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF ELIZABETH, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The Town of Elizabeth (the "Issuer") is a municipal corporation of the State of West Virginia in Wirt County.

B. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewer facilities (the "Project") of the Issuer, which, together with the sewer facilities previously acquired and constructed by the Issuer, constitute public service properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the "System") at an

estimated cost of $1,668,000, 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 Issuer.

C. The estimated revenues to be derived in each year after the enactment hereof from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the principal amount of not more than $475,000 to finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and francises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

E. The estimated maximum cost of construction of the Project is $1,668,000, of which $1,101,000 will be obtained from a grant by the United States Environmental Protection Agency (EPA), $73,400 from a grant by Appalachian Regional Commission, $146,800 from a grant by West Virginia Water Development Authority (the "Authority") and the balance of which will be obtained from the proceeds of sale of the BAN herein authorized and fund of the Issuer.

F. It is in the best interests of the Issuer that its Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority (in substantially the form of agreement which is attached hereto as Exhibit A, which Exhibit, by this reference, is incorporated herein and made a part hereof) (the "Loan Agreement").

G. The Issuer now owns public service properties for the collection, treatment, purification or disposal of liquid or solid

wastes, sewage, or industrial wastes, and the Project constitutes certain improvements and extensions thereto.

H. There are not outstanding any obligations of the Issuer 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.

I. Pending issuance of the Bonds, it is necessary for the Issuer to issue its Bond Anticipation Notes (the "BAN") in the aggregate principal amount not to exceed $375,000 to provide interim financing for the Project. It may also be necessary, in order to pay certain costs of construction of the Project pending receipt by the Issuer of the EPA Grant, for the Issuer to issue its Grant Anticipation Notes (the "GAN") in the aggregate principal amount of $_____ (the BAN and GAN, collectively referred to herein as the "Notes").

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall hold the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the legal holders of any and all of such Bonds and Notes and the coupons attached thereto, all which shall be of equal rank and without preference, priority or distinction between any one Bond or Note and the coupons appertaining thereto and any other Bonds or Notes and the coupons appertaining thereto by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" shall mean the West Virginia Water Development Authority, which shall be the original purchaser of the Bonds or any other Agency of the State of West Virginia that succeeds to the functions of the Authority.

"Bonds" shall mean the Sewer Revenue Bonds, Series 1980, originally authorized to be issued pursuant hereto, in an amount not to exceed $475,000, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained herein, and the interest coupons appertaining to said Bonds; and shall also mean until issuance of the Bonds, the Notes with reference to the provisions of Articles IV, V, VI and VII hereof except as expressly provided otherwise in Articles III A and III B hereof.

"Bondholder" or "Holder of the Bonds" or any similar term shall mean any person who shall be the bearer or owner of any outstanding Bond or Bonds registered to bearer or not registered, or the registered owner of any outstanding Bond or Bonds which shall at the time be registered other than to the bearer or of any coupons representing interest accrued or to accrue on the Bonds; and shall also mean, until issuance of the Bonds, the holder or owner of the Notes.

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

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

"Consulting Engineers" shall mean Holley, Kenney, Schott, Division of Babcock Contractors, Inc., Pittsburgh, Pennsylvania, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Cost of Works" shall mean those costs described in Section 1.02(D) hereof to be a part of the cost of construction and acquisition of the Project.

"Depository Bank" shall mean a bank or national banking association located in the State of West Virginia, eligible under the laws of the State to receive deposits of State and municipal funds and insured by the Federal Deposit Insurance Corporation ("FDIC"), which depository Bank shall be named in a resolution of the Issuer supplemental hereto.

"EPA Grant" means the grant from Environmental Protection Agency pursuant to the commitment therefor.

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

"GAN" means the Grant Anticipation Notes hereafter provided for and any refunding grant anticipation note or notes hereafter issued.

"Governing Body" shall mean the Common Council of the Issuer.

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

"Gross Revenues" shall mean all rates, rents, fees, charges or other income (including, without limitation, sale proceeds) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting practices.

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

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" shall mean the Town of Elizabeth in Wirt County, West Virginia, and where appropriate the Governing Body thereof.

"Loan Agreement" shall mean the Loan Agreement to be entered into between the Authority and the Issuer providing as to purchase of the Bonds and from the Issuer by the Authority (and the Notes, should they be purchased by the Authority).

"Mayor" shall mean the Mayor of the Issuer.

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

"Notes" mean collectively, the BAN and the GAN.

"Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting practices.

"Project" shall mean the sewer facilities described in Exhibit B attached hereto.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) 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 or the Government National Mortgage Association;

(c) Public housing bonds issued by public agencies or municipalities and fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract with the United States of America; temporary notes, preliminary loan notes or project notes issued by public agencies or municipalities, in each case fully secured as to the payment of both principal and interset by a requisition or payment agreement with the United States of America;

(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; and

(f) Repurchase agreements with banking institutions or broker-dealers registered under the Securities Exchange Act of 1934, as amended, fully secured by Govenment Obligations.

"Recording Officer" means the Recorder of the Issuer.

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

"Supplemental Resolution" shall mean any resolution which is supplemental hereto.

"System" shall mean the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

Section 1.05. Exhibits. Exhibits attached hereto as parts hereof are as follows:

Exhibit A - Loan Agreement
Exhibit B - Project

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project, plans and specifications for which have been prepared by the Consulting Engineers, and heretofore filed in the office of the Recording Officer. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

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

Section 3.01. Authorization and Terms of Bonds. For the purpose of financing the cost of construction and acquisition of the Project, there shall be issued negotiable Sewer Revenue Bonds, Series 1981, of the Issuer, in the aggregate principal amount of not in excess of $475,000. Said Bonds shall be designated "Sewer Revenue Bonds, Series 1981"; and shall bear interest at such rate or rates, not exceeding the maximum rate authorized by the Act, and shall mature as the Issuer shall prescribe in the Supplemental Resolution. Interest on the Bonds shall be payable semiannually and shall commence as prescribed in the Supplemental Resolution. The Bonds shall be payable as to both principal and interest at the office of the Commission or through a paying agent or agents selected by the original purchaser or purchasers thereof, in any coin or currency that is legal tender for the payment of public or private debts under the laws of the United States of America, and shall be redeemable, in whole or in part, as set forth in the Supplemental Resolution.

The Issuer will issue the Bonds which shall comply in all respects with the provisions of the Loan Agreement, shall have the following terms, and shall be issued upon the following additional conditions:

(A) The Bonds shall be in an aggregate principal amount equal to the unpaid principal amount of all outstanding BAN, plus the amount, if any, required for costs of construction of the Project not provided for from the proceeds of the BAN or otherwise available therefor, plus the amount, if any, required hereby to be paid from the proceeds of the Bonds to pay all costs

of issuance of the Bonds, including, without limitation, any consultant fees, related thereto (collectively, the "Issuing Expenses") as determined by the Authority, and the Issuer will advise the Authority of the amount, if any, of Issuing Expenses to be paid from any of its funds then available to pay such Issuing Expenses before utilizing the proceeds of the Bonds to do so; and

(B) The Bonds shall mature in the times and amounts as directed by the Authority, but not over a period of more than 40 years, and shall be dated, shall bear interest at such rate per annum (but not in excess of the legally permissible rate) as the Authority shall direct and shall be in denominations equal to the unpaid principal amount of each of the BAN to be exchanged, plus the pro rata portion of Issuing Expenses which are not to be paid from other funds of the Issuer attributable to each such BAN.

The Bonds shall be issued in the form of coupon Bonds, registrable as to principal only, or in the form of one fully registered Bond with payment record attached (the "Registered Bond").

Coupon Bonds shall be in the denomination of $5,000 each and shall be dated as of the date which the Issuer shall prescribe in the Supplemental Resolution. Coupon Bonds shall bear interest from their date, payable in accordance with, and upon surrender of, the appurtenant interest coupons as they severally mature. The Registered Bond shall be dated as of the date which the Issuer shall prescribe in the Supplemental Resolution.

Except as otherwise provided in Section 3.04, before the delivery of any coupon Bonds, all matured coupons thereto attached, except matured coupons for which payment in full has not been provided, shall be cut off, cancelled and destroyed; provided, however, that if coupon Bonds are issued in exchange for the Registered Bond upon which interest is in default, as shown by the records of the Treasurer of the State, such coupon Bonds shall have attached thereto all coupons maturing after the date to which interest has been paid in full, as shown by such records, and in

case any interest installments shall have been paid in part, appropriate notation shall be made on the coupons to evidence such fact.

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

The coupons to be attached to the Bonds shall be authenticated with the facsimile signature of the present or future Mayor and Recording Officer of the Issuer.

Section 3.03. Negotiability, Transfer and Registration. The Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds or the coupons appertaining thereto, shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value in the manner provided hereinafter in the form of said Bonds.

So long as any of the Bonds remain outstanding, the Treasurer of the State of West Virginia shall keep and maintain books for the registration and transfer of the Bonds. Coupon Bonds may be registered at the option of the Holder as to principal only at the office of the Treasurer of the State of West Virginia, such registration to be noted on the back of said Bonds in the space provided therefor. After such registration as to principal only, no transfer of the Bonds shall be valid unless made at said office by the registered owner, or by his duly authorized agent or representative, and similarly noted on the Bonds, but the Bonds may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored.

At the option of the Holder the Bonds may thereafter again from time to time be registered or transferred as before. Such registration as to principal only shall not affect the negotiability of the coupons, which shall continue to pass by delivery.

The Registered Bond shall be transferable only upon the books of the Issuer, which shall be kept for the purpose at the office of the aforesaid Treasurer, 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 Treasurer of the State duly executed by the registered owner or his duly authorized attorney. Upon transfer of the Registered Bond, there shall be issued in the name of the transferee, coupon Bonds, with appropriate coupons attached, of the same aggregate principal amount equal to the unpaid principal amount of the Registered Bond, and having maturities corresponding to the principal installments of such Registered Bond then unpaid.

In all cases in which the privilege of exchanging Bonds or transferring the Registered Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Treasurer. For every such exchange or transfer of Bonds, the Treasurer 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 coupon Bond upon each exchange or transfer, and any other expenses of the said Treasurer incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer; provided, however, that in the event the Authority is the Bondholder requesting such exchange or transfer, the Issuer shall pay all such taxes, fees, governmental charges or other expenses incurred in making such exchange or transfer. The Treasurer shall not be obliged to make any such exchange or transfer of Bonds during the ten (10) days preceeding 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 3.04. Bonds Mutilated, Destroyed, Stolen, or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond with all unmatured coupons, if any, so mutilated, destroyed, stolen or lost in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond, and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost and upon

the Holder's furnishing the Issuer proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. All Bonds and coupons so surrendered shall be cancelled by the Recording Officer and held for the account of the Issuer. If such Bond or coupons shall have matured or be about to mature, instead of issuing a substitute Bond or coupon, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond or coupons be lost, stolen, or destroyed, without surrender therefor.

Any such duplicate Bond and coupons issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bond or coupons be at any time found by any one, and such duplicate Bond and coupons 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 and coupons issued hereunder.

Section 3.05. Form of Bonds and Coupons. The text of the Bonds, and of the coupons, shall be of substantially the following tenor, 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 Coupon Bonds)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WIRT
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 1981

No. _____ $5,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH a municipal corporation of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay solely from the special funds provided therefor, as hereinafter set forth, to the bearer or, if this Bond be registered as to principal to the registered holder thereof, on the 1st day of _____, 19___, the sum of Five Thousand Dollars ($5,000) and solely from such special funds also to pay interest on said sum from the date hereof at the rate of _____ per centum (_____%) per annum semi-annually, on the 1st day of _____ and the 1st day of _____ in each year beginning _____ 1, 19___, all such interest as may accrue on and prior to the maturity date hereof to be payable only upon presentation and surrender of the annexed coupons as they severally become due, both principal of, and interest on, this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, 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, or at the option of the holder at the _____.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities (by lot if less than all the Bonds of the same maturity) only on or after the date on which all outstanding bonds issued by West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of the Bonds of the issue of which this Bond is one are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bonds outstanding (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any,

payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event that the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on its bonds, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding refunding bonds of the Authority.

This Bond is one of an authorized issue of Bonds (the "Bonds") in the aggregate principal amount of $_____, of like date and of like tenor and effect, except as to principal amount, number, date of maturity, and interest rate, issued to finance the cost of construction and acquisition of additions, extensions and improvements to the existing public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on the _____ day of _____, 19___, and a Supplemental Resolution adopted by said Council on the _____ day of _____, 19___ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions of the Bond Legislation. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

The Bonds are payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund

provided from the net revenues from the operation of the System. By the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates of charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is fully negotiable but may be registered as to principal only in the name of the holder on the books in the office of the Treasurer of the State of West Virginia, at Charleston, West Virginia, such registration to be evidenced by notation on the back hereof by the Treasurer, after which no transfer shall be valid unless made on said books and similarly noted hereon, but it may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be registered again as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

This Bond shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

All money received from the sale of this Bond or other Bonds of the issue of which this Bond is one, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the cost of the Project described in the Bond Legislation, including payment of the bond anticipation notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of such Bonds, 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 or holders of said Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,

together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pleged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Bonds.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and Recorder, which officials by the execution of this Bond do adopt as their own proper signatures their facsimile signatures appearing on said coupons, and this Bond, all as of the 1st day of _____, 19___.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

(Form of Coupon)

No. _____ $_____

On the 1st day of _____, 19___, the Town of Elizabeth, Wirt County, West Virginia, will pay to bearer upon presentation of and surrender of this coupon the sum shown hereon, out of the special fund provided therefor, at the office of the West Virginia Municipal Bond Commission or at the _____, at the option of the holder hereof, said payment to be made in any coin or currency which on said date of payment is legal tender for the payment of public and private debts under the laws of the United State of America, as provided in, and for interest then due on, the Sewer Revenue Bond, Series 1981, dated _____ 1, 19___, to which this coupon is attached.

_____
Mayor

_____
Recorder

(No writing on this Bond except by the Treasurer of the State of West Virginia as Registrar)

Date of Registration	In Whose Name Registered	Signature of Registrar
_____	_____	_____
_____	_____	_____

[Form of Fully Registered Bond With Payment Record]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WIRT
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 1981

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to _____ (the "Payee"), or registered assigns (the "Alternate Payee"), the sum of $_____, in installments on _____ 1 of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

Year	Installment	Interest Rate

The interest rate 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___. Both principal of and interest on this Bond are payable in any coin or currency which, on the respective dates of payment of principal and interest, 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, or at the option of the Payee at the _____.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to

provide funds for the purchase of this Bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bond outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This Bond is issued to finance the cost of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on the _____ day of _____, 19___, and a Supplemental Resolution adopted by said Board on the _____ day of _____, 19___ (collectively called the ""Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and

which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, 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 Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing. This Bond may be exchanged for an aggregate principal amount of coupon Bonds equal to the unpaid principal amount of this Bond, and having maturities corresponding with the principal installments of this Bond then unpaid.

This Bond shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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 cost of the Project described in the Bond Legislation, including payment of the bond anticipation notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be

performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, all as of the _____ day of _____, 19___.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment (%)	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

SCHEDULE "A"

Principal installments on which payments have been made prior to maturity

Principal Due Date	Principal Due Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent Authorized Officer and Title
	$	$	$		

[Form of Assignment]

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

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

Dated: _____

_____

In the presence of:

_____

Section 3.06. Sale of BAN and Bonds; Execution of Loan Agreement with Authority. The Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement to be entered into between the Issuer and the Authority. The BAN may be sold to the Authority pursuant to the terms and conditions of a Loan Agreement pertaining to the BAN, or may be sold, pursuant to a separate BAN Purchase Agreement, to such other purchasers as may be determined by supplemental Note Legislation. The Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the form of Exhibit A and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority. The Mayor is furthermore specifically authorized and directed to execute a BAN purchase contract upon the terms approved by Supplemental BAN Legislation, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver such note purchase contract to the purchaser of the BAN.

ARTICLE IIIA

BOND ANTICIPATION NOTES

Section 3.01 A. Authorization and General. In order to pay certain costs of the construction of the Project pending the

delivery of the Bonds to the Authority, bond anticipation notes (the "BAN") of the Issuer may be issued and sold in an amount not to exceed $375,000. The BAN may be issued to the Authority or to such other purchaser or purchasers as may be described in the supplemental BAN Legislation described herein.

The following provisions shall apply should the BAN be purchased by the Authority:

> A fully registered BAN shall be issued, representing the entire BAN issue, which shall be designated "Sewerage System Bond Anticipation Note, Series 1981," shall bear such date, shall be numbered NR-1, and shall be in the denomination determined by supplemental BAN Legislation, shall be in fully registered single form, shall bear interest from date at the rate per annum determined by supplemental BAN Legislation, payable on such dates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in supplemental BAN Legislation to be adopted by the Governing Body prior to delivery of the BAN. The BAN No. NR-1 shall contain substantially the provisions shown in the form set forth in Section 3.10 A below.

The following provisions shall apply should the BAN be purchased by others:

> The BAN shall be designated "Sewerage System Bond Anticipation Notes - Series 1981," shall be dated on the date of delivery thereof, shall be numbered 1 upward, shall be in such denominations as the Governing Body shall determine by supplemental BAN Legislation, shall be negotiable, in bearer form, shall bear interest from the date of delivery payable and at the rate or rates, shall mature, shall have such paying agents and shall have such other provisions as are not set forth herein as provided in such supplemental BAN Legislation. If interest is payable only at maturity of the BAN, interest coupons will not be used. The BAN shall contain the provisions shown in the form of BAN set forth in Section 1.12A below.

The BAN shall be executed for the Issuer by the Mayor, and the seal of the Issuer shall be impressed thereon and attested by the signature of the Recorder.

The BAN shall be sold pursuant to the Loan Agreement (or Purchase Agreement to be entered into between the Issuer and the purchasers of the BAN, in the event that the BAN are purchased by others) and to such supplemental BAN Legislation.

If sold to the Authority, the BAN shall be payable on demand of the Authority upon at least 14 days written notice to the Issuer.

If the Authority shall purchase the BAN, the BAN shall be renewed at the option of the Authority for a period not to exceed 1 year at lawful interest rates to be established by the Authority.

Section 3.02 A. Deposit of BAN Proceeds. The amount received upon the sale of the BAN, less interest to become due until the maturity thereof, shall be deposited on receipt by or for the Issuer with the Depository BAnk in the Project Construction Account established herein.

The balance received from the proceeds from the sale of the BAN shall be for payment of the interest on the BAN as such interest becomes due, and shall be directly deposited on receipt by or for the Issuer with the Depository Bank in a special account to be known as the "BAN Repayment Account" which is hereby established with the Depository Bank.

Moneys in the BAN Repayment Account shall, to the fullest extent possible, be invested by the Depository Bank in Qualified Investments which mature at least 1 day prior to the need for the funds by the Depository Bank for deposit with the Commission. Not less often than once every six (6) months from the date of deposit of the necessary BAN proceeds in the BAN Repayment Account, the Depository Bank shall transfer any earnings on the moneys in said BAN Repayment Account to the Project Construction Account; provided, that there shall always remain on deposit in the BAN Repayment Account funds in an amount equal to all interest due and unpaid (unless the amount necessary to pay all interest due and unpaid has been deposited with the Commission) or to become due on the BAN to maturity.

Section 3.03 A. Security for the BAN. The BAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the agreement of the Authority to make the loan to the Issuer in the amount of not to exceed $375,000 by purchasing the Bonds with funds from the proceeds of the Authority's next issue of sewage system loan program revenue bonds, which agreement is contingent upon the Issuer's satisfying the engineering, legal and other requirements of the Authority's sewage system loan program, (ii) the proceeds of the sale of the Bonds issued to refund the BAN, when

received; (iii) all moneys and securities in the BAN Repayment Account, (iv) the proceeds from the sale of the BAN until expended as herein authorized, (v) the proceeds of sale of obligations of the Issuer issued to refund the BAN, if any, and (vi) the Net Revenues of the System until payment of the BAN, and said pledge by the Issuer for the benefit of the holders of the BAN, to the extent of the aggregate principal amount of the BAN and the interest thereon, is hereby made and granted. The Issuer will execute such documents as may be required, if any, to perfect such pledge and lien. The Depository Bank shall act as agent for the holders of the BAN in connection with the execution of instruments necessary under applicable laws in order to fully perfect the interests of the holders of the BAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection herewith.

Section 3.04 A. Payment of BAN. At the maturity, or call prior to maturity, of the BAN, as provided in Section 3.01 A hereof, the Bonds originally issued pursuant hereto shall be used to defease the BAN, pay additional construction costs of the Project, if any, as set forth in Article III, Section 3.01(A) hereof, and pay Issuing Expenses.

Section 3.05 A. BAN are Limited Obligations. The BAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the BAN, the principal of which is payable from the sources described in Section 3.03 A above, or, the principal of and interest on which are payable from the Net Revenues in the event that the Authority shall not purchase the Bonds..

Section 3.06 A. Paying Agent. The Issuer may appoint as Paying Agent any bank, trust company or national banking association, but the Commission shall be the only Paying Agent unless the Issuer designates additional Paying Agents.

Section 3.07 A. Covenants. The Issuer agrees that until payment in full of the principal and interest owing on the BAN when due, the covenants contained in this Bond Legislation for the benefit of the Bondholders shall inure to the benefit of the holders of the BAN.

In addition, the Issuer covenants to issue and sell the Bonds to the Authority and to take all actions necessary to cause the Authority to purchase the Bonds to refund the BAN in accordance with the Loan Agreement.

Section 3.08 A. Events of Default and Enforcement. Each of the following events is hereby declared an "Event of Default": (a) failure to make timely payment of all principal and interest

owing on the BAN at due date or maturity; and (b) failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer for the benefit of the holders of the BAN and the Bonds as herein provided.

On the happening of any Event of Default, then, and in each such case, the holders of the BAN or any one or more of such holders shall be entitled to proceed against all assets pledged for payment of the BAN, and shall have and are hereby given all further rights and remedies as are granted hereby to the Authority. Each holder of a BAN shall be deemed to be a holder of a Bond upon such default.

Section 3.09 A. Supplemental BAN Legislation. Following adoption hereof, and upon receipt of the Loan Agreement or Purchase Agreement, the Issuer, if it be so advised, will adopt supplemental BAN Legislation, which supplemental BAN Legislation will provide, among other things, the purchaser or purchasers of the BAN, the interest payment dates, the maturity date and the sale price of the BAN and such other matters as shall be required or desired in connection with issuance of the BAN.

Section 3.10 A. Form of BAN, if Purchased by Authority. If purchased by the Authority, the BAN shall be in the following form, subject to such changes, insertions and deletions as the Mayor shall agree to by execution thereof:

(Form of Bond Anticipation Note -
if Notes Purchased by Authority)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1981

No. NR-1 $_____

The TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay to the order of West Virginia Water Development Authority the sum of _____ DOLLARS ($_____), subject to prior demand as provided in the below mentioned Bond Legislation, on _____, 19 ___, with interest at the rate of _____ per cent (_____%) per year payable on _____
_____.
Both principal and interest are payable in lawful money of the United States of America at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, or at the option of the holder, at _____, _____.

This Note represents the entire issue of Series 1980 Bond Anticipation Notes in the aggregate principal amount of $_____ duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1981 (the "Bond"), of the Issuer in the principal sum of not to exceed $_____ for aiding in the construction of additions, extensions and improvements for the existing public sewerage system (the "System") of the Issuer.

West Virginia Water Development Authority ("WDA") has agreed to purchase the Bond on the due date of this Note unless called prior to maturity or unless this Note has been renewed as provided below. The Bond has been authorized by the Issuer pursuant to Bond Legislation of the Issuer.

This Note is subject to renewal and to call prior to maturity upon the terms and conditions provided in the Bond Legislation mentioned below.

The principal of this Note is payable solely and only from the proceeds of sale of the Bond and, if WDA should not purchase the Bond, the principal of and interest on this Note is payable from the net revenues of the System defined in the Bond Legislation mentioned below. The proceeds of sale of the Bond have been pledged to the owner hereof to secure payment of the principal of this Note.

Moneys from the proceeds of sale of the Note to pay the interest on the Note to maturity have been deposited with _____.

This Note is a limited and special obligation of the Issuer, and does not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note or the interest hereon except from the proceeds of the Note and the Bond and any other sources which may be provided by the Bond Legislation referred to below.

This Note has been duly authorized by an Ordinance and a Supplemental Resolution of the Issuer (collectively called the "Bond Legislation"), pursuant to West Virginia Code, Chapter 16, Article 13 (the "Act").

The Act provides that this Note is exempt as to principal and interest from taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

Reference is made to the said Bond Legislation for further description of the security for payment hereof, the rights of the owner hereof and the rights and obligations of the Issuer.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Note to be signed by its Mayor of its Public and has caused its seal

to be hereto affixed and attested by its Recorder, all as of the date below written.

Dated: _____

TOWN OF ELIZABETH

[SEAL]

By _____
Mayor

ATTEST:

_____
Recorder

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment (%)	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

SCHEDULE "A"

Principal installments on which payments have been made prior to maturity

Principal Due Date	Principal Due Amount	Principal Payment	Balance	Date Paid	Name of Paying Agent Authorized Officer and Title
	$	$	$		

[Form of Assignment]

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

the within Note of the Town of Elizabeth and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Note on the books of the said Town with full power of substitution in the premises.

Dated: _____

_____

In the presence of:

_____

Section 3.11 A. Form of BAN, if Purchased by Others. If the BAN shall not be purchased by the Authority, but are to be purchased by others, the BAN shall be in the following form, subject to such changes, insertions and deletions as the Mayor shall agree to by execution thereof:

(Form of Bond Anticipation Notes if
Notes Not Purchased by Authority)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWERAGE SYSTEM BOND ANTICIPATION NOTE
SERIES 1980

No. _____ $_____

The TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia in Hampshire County of said State (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ THOUSAND DOLLARS ($_____) without option of prior redemption, on _____, 19____, with interest at the rate of _____ per cent (_____%) per year payable at maturity. If interest coupons are used, the language shall be: "Payable on _____, 19____, and _____ 1, 19____, upon surrender of the annexed interest coupons as they severally fall due." Both principal and interest are payable in lawful money of the United States of America at the office of _____, or at the option of the holder, at _____.

This Note is one of a series of Notes in the aggregate principal amount of $_____ duly authorized by the Issuer and issued in anticipation of the issuance of the Sewer Revenue Bond, Series 1981 (the "Bond"), of the Issuer in the principal sum of $_____ for aiding in the construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer.

West Virginia Water Development Authority (the "Authority") has agreed to purchase the Bond, with funds from the proceeds of the Authority's next issue of sewage systems loan program revenue bonds, contingent upon the Issuer's satisfying the engineering, legal and other requirements of the Authority's sewage systems loan program.

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of sale of the Bond and certain proceeds, if any, from the sale of refunding notes, and, if the Authority should not purchase the Bond as agreed, from the net revenues of the System

defined in the Bond Legislation mentioned below. The proceeds of sale of the Bond and certain proceeds, if any, from the sale of the refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with _____.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the Bond and certain proceeds of the Notes and certain proceeds from the sale of refunding notes and any other sources which may be provided by the Bond Legislation authorizing issuance of the Notes and the Bond.

The Notes of the issue of which this Note is one have been duly authorized by an Ordinance and a Supplemental Resolution (collectively called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13 (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

Reference is made to the said Bond Legislation for further description of the security for payment hereof, the rights of the holders of the Notes and the rights and obligations of the Issuer.

Every requirement of law relating to the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Note to be signed by its Mayor and has caused its seal to be hereto

affixed and attested by its Recorder, all as of the date below written.

Dated: _____, 19____.

TOWN OF ELIZABETH

[SEAL]

By _____
Mayor

ATTEST:

_____
Recorder

(Form of Note Coupon)

$_____

On the 1st day of _____, 19____, the Town of Elizabeth, West Virginia, will pay to the bearer at _____, in the City of _____, _____, solely from the moneys and funds described in the Note to which this coupon is attached, the sum shown hereon in lawful money of the United States of America, upon presentation and surrender of this coupon, being six months' interest then due on its Sewerage System Bond Anticipation Note, Series 1981, dated _____, 1981, No. _____.

Sewerage System Bond Anticipation
Note Coupon No. _____

TOWN OF ELIZABETH

(Facsimile Signature)_____
Mayor

(Facsimile Signature)_____
Recorder

ARTICLE IIIB

GRANT ANTICIPATION NOTES AND GRANT PROCEEDS

Section 3.01 B. Authorization and General. In order to pay certain costs of the construction of the Project pending the receipt by the Issuer of the EPA Grant, Grant Anticipation Notes (GAN) of the Issuer may be issued and sold in the aggregate principal amount of $_____.

Each GAN shall be designated "Sewerage System Grant Anticipation Note, Series 1981," shall bear such date, shall be in such denominations, shall be in negotiable, bearer form, shall bear interest from the date and at the rate or rates provided in the supplemental GAN Legislation hereinafter described, payable at maturity, or at periodic intervals to be provided in the supplemental BAN Legislation, with maturity, call provisions, if any, and Paying Agents set forth in the supplemental GAN Legislation, shall be numbered from one upward, and shall contain the provisions shown in the form of GAN set forth in Section 3.14 B below, substantially as therein set forth.

The GAN shall be executed for the Issuer by the Mayor, and the seal of the Issuer shall be affixed or imprinted thereon and attested by the signature of the Recording Officer. The interest coupons for the GAN shall be executed by the facsimile signatures of the Mayor and Recording Officer.

The GAN shall be sold pursuant to a Purchase Agreement to be entered into between the Issuer and the purchasers thereof (the "Purchase Agreement") and shall be sold at the price to be provided in the supplemental GAN Legislation described in Section 3.12 B.

Section 3.02 B. Deposit of GAN Proceeds. A portion of the proceeds received from the sale of the GAN to be specified in the Purchase Agreement shall be deposited on receipt by the Issuer with the Depository Bank in the Project Construction Account established by Section 5.01 hereof.

The balance of the proceeds from the sale of the GAN remaining after the deposit in the Project Construction Account provided above shall be directly deposited on receipt by the Issuer with the Depository Bank in a special segregated account designated as "GAN Repayment Account," as more particularly described in and upon the further terms and conditions of Section 3.06 B below.

Section 1.03 B. Security for the GAN. The GAN shall be secured by the pledge by the Issuer of and by a first lien on (i) the moneys received by or for the Issuer in excess of

$_____ and pursuant to the commitments to the Issuer for the EPA Grant in the aggregate amount of $_____, (ii) all moneys and securities in the GAN Repayment Account, (iii) the proceeds of sale of the GAN refunding notes, if any, and (iv) any other funds arising from grants or gifts made available for the Project or investment income therefrom lawfully available for the purpose, and said pledge by the Issuer for the benefit of the holders of the GAN to the extent of the aggregate principal amount of the GAN and the interest thereon is hereby made and granted. The Issuer will execute such security agreements and other documents that may be required to perfect such pledge and lien. The Depository Bank shall act as agent for the holders of the GAN in connection with the execution of all instruments necessary under applicable laws in order to fully perfect the interests of the holders of the GAN in the assets pledged hereby, and to receive all notices and respond to all inquiries in connection therewith.

Section 3.04 B. Payment of GAN; EPA Grant Proceeds. The Issuer will immediately, upon receipt, deposit with the Depository Bank all proceeds of the EPA Grant received by the Issuer in excess of the sum of $_____ and the net proceeds of any GAN refunding notes to be applied to the payment of the GAN pursuant to Section 3.08 B hereof, to be placed by the Depository Bank directly into the GAN Repayment Account held by the Depository Bank. Upon maturity of the GAN, the Depository Bank will pay to the Paying Agents all principal and interest on the GAN and the charges of the Depository Bank and the Paying Agents.

Section 3.05 B. GAN Are Limited Obligations. The GAN shall be limited obligations of the Issuer, the interest of which is payable solely from certain of the proceeds from the sale of the GAN, the principal of which is payable from the sources described in Section 3.03 B above.

Section 3.06 B. GAN Repayment Account. The Depository Bank shall segregate all funds and securities in the GAN Repayment Account separate and apart from other deposits and funds of the Depository Bank and other deposits and funds of the Issuer, including the Project Construction Account. All moneys in the GAN Repayment Account, until payment in full of all principal and interest owing on the GAN at their maturity, shall be held by the Depository Bank for the holders of the GAN, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the GAN and the interest thereon and the charges of the Depository Bank and Paying Agents. All moneys in the GAN Repayment Account in excess of the amount insured by FDIC shall be continuously secured by, or invested by the Trustee in Government Obligations which mature at least 1 day prior to the maturity of the GAN. At or prior to the maturity of the GAN, the Depository Bank

shall transfer to the Paying Agents in immediately available funds the total principal of and interest owing on the GAN to their maturity and the charges of the Depository Bank and Paying Agents. Upon such transfer the Depository Bank may refund to the Issuer any excess amounts remaining in the GAN Repayment Account.

The Issuer shall pay to the Depository Bank and the Paying Agents from time to time reasonable compensation for all services rendered by the Depository Bank and the Paying Agents hereunder, and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Depository Bank and the Paying Agents in connection with performance of their functions hereunder.

Section 3.07 B. Paying Agents. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. The Issuer may appoint as successor Paying Agent any bank, trust company or national banking association.

Section 3.08 B. Covenants. The Issuer covenants and agrees that, until payment in full of the principal and interest owing on the GAN at maturity, it will meet, abide by and comply with all conditions, terms and duties imposed upon the Issuer in connection with the EPA Grant to the end that the Issuer will at all times be fully entitled to receive the entire amount of the EPA Grant without delay.

The Issuer covenants to take all actions necessary to cause EPA to pay to it the amount of the EPA Grant, or portion thereof, required to pay the GAN not later than the day before the maturity of the GAN unless the Issuer shall have issued Grant Anticipation Refunding Notes pursuant to Section 3.09 B.

The Issuer covenants that upon receipt of all proceeds of the EPA Grant, it will disburse such proceeds in such manner as to provide for the defeasance of the GAN in accordance with the terms of Section 3.11 B hereof.

Section 3.09 B. Grant Anticipation Refunding Notes. The Issuer covenants that in the event the proceeds of the EPA Grant in a sum sufficient to pay the GAN is not expected to be received in time to pay the GAN at maturity, it will use its best efforts to sell one or more series of its Grant Anticipation Refunding Notes hereunder prior to maturity of the GAN in such aggregate amount as shall be necessary to pay the principal of the GAN, accrued interest thereon to maturity (if necessary) and the expense of issuing such Grant Anticipation Refunding Notes. The proceeds of the Grant Anticipation Refunding Notes, after making provision for the payment of the expenses of issuance thereof, shall be deposited in the GAN

Repayment Account and used solely for the payment of the principal of and accrued interest on the GAN.

All Grant Anticipation Refunding Notes shall be in substantially the same form as the GAN, but shall be of such denominations, bear such dates, bear interest at such rates, have such maturity dates and contain an appropriate series designation, all as shall be provided in the supplemental resolution authorizing such Grant Anticipation Refunding Notes.

Section 3.10 B. Events of Default. Each of the following events is hereby declared an "Event of Default": (a) payment of the principal of any of the GAN shall not be made as and when the same shall become due and payable; (b) payment of any installment of interest on any of the GAN shall not be made as and when the same becomes due and payable; (c) the Issuer shall for any reason be rendered incapable of fulfilling its obligations hereunder or under the supplemental GAN Legislation; and (d) the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the GAN or in the Bond Legislation.

On the happening of any Event of Default, then, and in each such case, the holders of the GAN or any one or more of such holders shall be entitled to proceed against all assets pledged for payment of the GAN and shall have and are hereby given all further rights and remedies as are granted herein.

Section 3.11 B. Defeasance of GAN. Upon deposit by the Issuer with the Depository Bank of moneys sufficient to pay the GAN at maturity, or of Government Obligations, the principal of and interest on which will be sufficient to pay the GAN at maturity, the GAN shall be considered to have been paid in full pursuant hereto, except as provided below, and the lien and pledge hereby granted shall be deemed to be and shall be cancelled and discharged; and the holders of the GAN shall, upon such deposit, be entitled to payment of the GAN and the interest thereon at maturity solely from the moneys then on deposit with the Depository Bank. All moneys and all securities deposited in accordance with the provisions of this Section shall at all times be under the exclusive control of the Depository Bank, shall be held by it for the sole benefit of the holders of the GAN, and shall be applied solely to the payment of GAN except as expressly provided in this Section; and the Issuer shall have no rights or powers with respect to nor any interest in such moneys or securities or any part thereof.

Section 3.12 B. Resolution on GAN. Following adoption hereof, and upon receipt of the Purchase Agreement referred to in

Section 3.01 B, the Issuer, if it be so advised, will adopt supplemental GAN Legislation approving the Purchase Agreement and ordering the issuance of the GAN pursuant hereto and to the Resolution, which Resolution will provide, among other things, the amount of GAN, the interest rate or rates on the GAN, the interest payment dates, the maturity date and the sale price of the GAN and such other matters as shall be required or desired in connection with issuance of the GAN.

Section 3.13 B. Form of GAN. The text of the GAN and of the coupons, if any, shall of substantially the following tenor, with such omissions, insertions and variations as may be necessary or desirable and authorized or permitted hereby or by any Supplemental Resolution adopted prior to the issuance thereof.

(Form of Grant Anticipation Notes)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWERAGE SYSTEM GRANT ANTICIPATION NOTE
SERIES 1981

No. _____ $_____

The TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia in Wirt County of said state (the "Issuer"), for value received, hereby promises to pay to bearer upon presentation and surrender hereof the sum of _____ THOUSAND DOLLARS ($_____) on _____, 19___, with interest at the rate of _____ per cent (_____%) per year payable on _____, but only upon surrender of the annexed coupons as they severally fall due, subject to prior redemption hereof. Both principal and interest are payable in lawful money of the United States of America at the principal office of _____, West Virginia, or at the option of the holder, at the principal office of _____.

This Note is one of a series of Notes in the aggregate principal amount of $_____ duly authorized by the Issuer and issued in anticipation of the receipt by the Issuer from the United States Environmental Protection Agency ("EPA") of a grant in aid of construction of additions, extensions and improvements for the existing sewerage system (the "System") of the Issuer, which grant has been committed in the aggregate sum of $_____ (the "EPA Grant").

The principal of this Note, and of the issue of Notes of which this Note is one, is payable solely, equally, ratably, and only from the proceeds of the EPA Grant (less the sum of $_____ first received from the EPA Grant) and certain proceeds, if any, from the sale of refunding notes. The proceeds of the EPA Grant less said sum first received and certain proceeds, if any, from the sale of refunding notes have been pledged to the Noteholders to secure payment of the principal of the Notes.

Moneys from the proceeds of sale of the Notes to pay the interest on the Notes have been deposited with the Depository Bank hereinafter mentioned.

The Notes of the issue of which this Note is one are subject to mandatory redemption prior to maturity, in whole or in part, but if in part, by selection by lot by _____, at a redemption price of the principal amount of the Notes to be redeemed and accrued interest to the date of redemption without premium, and shall be redeemed by the Issuer on _____, 19___, to the extent that funds shall be available therefor.

Thirty days prior to _____, _____, the Trustee is required to make a determination of the amount of funds which are available for redemption of Notes. Immediately following such determination, _____ is required to select the Notes to be redeemed, if any. Notice of any such redemption shall be given by _____ by publication in The Daily Bond Buyer, a financial journal of general circulation published and circulated in the City of New York, New York, not less than twenty days prior to the date fixed for redemption, stating the redemption price, the numbers of the Notes to be redeemed and the place or places where the payment of the redemption price will be made.

On the specified redemption date, provided that _____ shall have sufficient moneys for payment of the redemption price, all Notes so called for redemption shall cease to bear interest, the interest coupons appertaining thereto maturing after such date shall be void, such Notes shall no longer be secured, and such Notes and any coupons appertaining thereto shall no longer be considered as outstanding.

The Notes of the issue of which this Note is one are limited and special obligations of the Issuer, and do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory limitations or provisions, and the Issuer shall not be obligated to pay this Note and the Notes of the issue of which this Note is one or the interest thereon except from the proceeds of the EPA Grant received by the Issuer (less the sum of $_____ first received from the EPA Grant) and certain proceeds from the sale of refunding notes and, with respect to interest hereon, certain of the proceeds of the Notes.

The Notes of the issue of which this Note is one have been duly authorized by an Ordinance and a Resolution (collectively, called the "Bond Legislation") of the Issuer pursuant to West Virginia Code, Chapter 16, Article 13 (the "Act").

The Act provides that the Notes of the issue of which this Note is one are exempt as to principal and interest from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

Every requirement of law relating to the issuance hereof has been duly complied with.

This Note shall not be valid nor become obligatory for any purpose until the Certificate of Authentication hereon has been executed by _____.

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Note to be signed by its Mayor and has caused its seal to be hereto affixed and attested by its Recorder, all as of the date below written.

Dated: _____, 19___.

TOWN OF ELIZABETH

[SEAL]

By _____
Mayor

ATTEST:

(Facsimile Signature)_____
Recorder

CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes of the issue of Notes described in the within-mentioned Bond Legislation.

_____

_____

By _____
Its Authorized Officer

ON

_____

19____

(unless the note mentioned below be sooner redeemed or its redemption be provided for),

TOWN OF ELIZABETH $_____

will pay to the bearer, but solely from the sources pledged therefor, all as described in the Sewerage System Grant Anticipation Note, Series 1981, hereinafter mentioned, and upon presentation and surrender of this coupon at the principal office of _____, _____, West Virginia, or, at the option of the holder, at the principal office of _____, the amount shown hereon in lawful money of the United States of America as provided in and being interest then due on its SEWERAGE SYSTEM GRANT ANTICIPATION NOTE, SERIES 1981, dated _____, 19___.

NUMBERED _____

COUPON NO. _____

TOWN OF ELIZABETH

(Facsimile Signature)
Mayor

(Facsimile Signature)
Recorder

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. System Revenues and Application Thereof. So long as any of the Bonds or Notes shall be outstanding and unpaid, the Issuer covenants with the Holders of the Bonds and Notes as follows:

A. Establishment of System Revenue Fund and Disposition of System Revenues. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in a special fund in a bank or national banking association located in the State of West Virginia, eligible under the laws of the State to receive deposits of state and municipal funds and insured by the Federal Deposit Insurance Corporation (the "Bank"), which fund (herein called the "Revenue Fund") is hereby established. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner herein provided. All revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first each month, from the moneys in the Revenue Fund, pay all reasonable operating expenses of the System.

(2) Thereafter, from the moneys in the Revenue Fund, the Issuer shall, on the first day of each month, as set forth in the Supplemental Resolution apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to one-sixth (1/6) of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; provided, however, that in the event that the period to elapse between said initial payment date and the next semiannual interest payment date for the Bonds is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest maturing on such date.

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 fiscal agency charges due for paying the Bonds and the interest thereon.

The Issuer shall also apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in said Sinking Fund, as below provided, on the 1st day of each month, beginning on the first day of that month which is thirteen (13) months prior to the first principal payment date of the Bonds, a sum equal to

one-twelfth (1/12) of the amount of principal which will mature and become due on the Bonds on the next ensuing principal payment date.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds as provided in Article V hereof by the Issuer at the times provided herein.

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.

(3) The Issuer shall next, from the Revenue Fund, remit to the Commission for deposit in the Reserve Account hereby established in said Sinking Fund, on the first day of each month of each year, beginning with and including the month in which payments from the Revenue Fund for semiannual interest are commenced, an amount equal to twenty per centum (20%) of all amounts required to be deposited for maturing principal and interest into the Sinking Fund, as provided above, on said dates: Provided, however, that no further payments shall be made into the Reserve Account when there shall have been deposited and as long as there shall remain on deposit therein, an amount equal to the maximum amount of principal and interest that will mature and become due on the Bonds in any succeeding Fiscal Year.

Moneys in the Reserve Account shall be used only for the purpose of payment of maturing principal of or interest on the Bonds when other moneys in the Sinking Fund are insufficient therefor and for no other purpose.

Any withdrawals from the Reserve Account shall be subsequently restored from the first revenues available after all required payments to the Sinking Fund and Reserve Account, including any deficiencies for prior payments, have been made in full.

The Issuer shall not be required to make any further payments into said Sinking Fund or into the Reserve Account when the aggregate amount of funds in both said Sinking Fund and said Reserve Account are at least equal to the aggregate principal amount of the Bonds then outstanding, plus the amount of interest due or thereafter to become due on the Bonds.

As and when additional bonds ranking on a parity with the Bonds herein authorized are issued, provision shall be made for additional payments into said 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 Reserve Account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any calendar year for account of all the Bonds, including such additional bonds which by their terms are payable from said Sinking Fund.

The payments into the Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the Account in which to be deposited and the custody, use and application thereof consistent with the provisions hereof.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in Qualified Investments having maturities not longer than five (5) years from the date of purchase.

Moneys in the Sinking Fund shall be used solely and only and are hereby pledged for the purpose of servicing the Bonds.

(4) Thereafter, from the moneys remaining in said Revenue Fund, the Issuer shall next, on the 1st day of each month, commencing with the first month in which interest shall be first payable from the Revenue Fund, remit to the Bank for deposit in a special fund to be designated "Renewal and Replacement Fund," which fund is hereby established and created, a sum equal to two and one-half per centum (2-1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Reserve Accounts. All funds in said Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Bank, and all or any part of said fund may be, and, to the fullest extent possible under applicable law and the need for such funds for the purposes set forth in this section shall be invested in Qualified Investments maturing or being subject to retirement at the option of the holder within not more than ten (10) years from the date of such investment. Withdrawals and disbursements may be made from said Renewal and Replacement Fund for replacements, emergency repairs, additions, betterments or improvements to the System; provided, however, that any deficiency in the Reserve Account (except to the extent such deficiency exists because the required payments into the Reserve Account have not as of the date of determination of a deficiency, funded such Reserve Account to the maximum extent required by Section 4.01(A)(3)), shall be promptly eliminated with moneys from the Renewal and Replacement Fund in amounts sufficient to eliminate such deficiency.

(5) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the Sinking Fund and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus revenues. Said surplus revenues shall be first used for the construction and acquisition of improvements and extensions to the System, and, thereafter, to the extent not needed for such purposes, said surplus revenues and any surplus moneys in the Sinking Fund, exclusive of the Reserve Account, in excess of the amount of interest to become due on the next interest payment date and the amount of principal to become due within the next succeeding thirteen (13) months, may be used to purchase or prepay Bonds, any such purchase upon the open market to be at a price not exceeding the par value thereof plus three per centum (3%) of such par value, or to redeem Bonds at a price not in excess of the redemption price thereof, or for debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such additions, betterments or improvements.

(6) The moneys in excess of the sum insured by the Federal Deposit Insurance Corporation ("FDIC") in the Revenue Fund and for the Renewal and Replacement Fund (unless remitted to the Commission) shall at all times be secured, to the full extent thereof in excess of such insured sum, by direct obligations of the United States of America or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State of West Virginia.

(7) If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds 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 on the subsequent payment dates.

(8) All remittances made by the Issuer to the Commission shall clearly identify the funds or accounts into which each amount is to be deposited.

ARTICLE V

APPLICATION OF BOND PROCEEDS

Section 5.01. Project Construction Account. From the moneys received from the sale of any or all the Bonds, the following amounts shall be first deducted and deposited:

(i) Any accrued interest received from the original purchasers of the Bonds shall be deposited in the Sinking Fund and applied to the first interest payment due on the Bonds.

(ii) The sum required, when added to other moneys available therefor, to pay the principal amount of the BAN, as and when the same shall mature, shall be deposited with the Commission in the BAN Repayment Account and applied by the Commission solely to the payment of the principal of the BAN.

(iii) The remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer in a fund to be known as the "Project Construction Account," which is hereby established with the Depository Bank, said fund shall be kept separate and apart from all other funds of the Issuer and the Depository Bank and shall be drawn out, used and applied by the Issuer solely for the payments of the cost of the construction and acquisition of the Project, and purposes incidental thereto, and for no other purposes whatsoever. The moneys in said account shall be secured at all times by the deposit of such moneys in direct obligations of the United States of America having a fair market value at least equal to the balance in excess of the amount insured by FDIC in said fund. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds shall be deposited by the Issuer in the Sinking Fund and shall be used only as provided herein. All such proceeds shall be and constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of the Bonds.

Expenditures or disbursements from said Project Construction Account, except for legal, fiscal and engineering expenses and expenses in connection with the issuance and sale of the Bonds shall be made only after such expenditures or disbursements shall have been approved in writing by the Consulting Engineers.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions hereof shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions hereof, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this

Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Bonds or the interest thereon are outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. Neither the Bonds nor coupons appertaining thereto shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, as herein provided.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Bonds shall be secured forthwith equally and ratably by a first lien on the net revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.01 hereof. The revenues derived from the System, in an amount sufficent to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for herein are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided herein.

Section 6.04. 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 continuously on file in the office of the Recording Officer of the Issuer, each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System to pay operating expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient to provide for all reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least 130% of the maximum amount required in any ensuing year to pay the interest on and the principal of the Bonds as the same become due and accomplish retirement of all obligations for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered.

Section 6.05. Completion, Operation and Maintenance. The Issuer will expeditiously complete and maintain in good condition said System and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of the System in the manner provided herein.

Section 6.06. 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 Bonds outstanding, The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest on the Bonds as they become due or in accordance with redemption provisions hereof. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, unless otherwise prohibited by law, 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 is not in excess of Ten Thousand Dollars ($10,000), the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof. 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 shall be in excess of Ten Thousand Dollars ($10,000) but not in excess of Fifty Thousand Dollars ($50,000), the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and then 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, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase or prepayment of Bonds of the last maturities then outstanding at prices not greater than the par value thereof plus

three per centum (3%) of such par value. Such payments of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions hereof.

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 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 sixty-six and two-thirds per centum (66-2/3%) in amount of Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer will not issue any other obligations whatsoever, except additional parity bonds provided for in Section 6.08 hereof 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; and all obligations hereafter issued by the Issuer 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; provided, however that no such subordinate obligations shall be issued unless the Reserve Account in the Sinking Fund is funded to the extent that no further payments are required therefor as provided in Section 4.01(A)(3).

Except as provided in Section 6.08 below, the Issuer will not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds and the interest thereon, upon any of the income and revenues of the System pledged hereby for payment of the Bonds and the interest thereon or upon the System or any part thereof.

Section 6.08. 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 hereto, except under the conditions and in the manner herein provided.

No such additional parity bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of additions, betterments and improvements to the System or

refunding the entirety of 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 and until there has been procured and filed with the Board a written statement by a certified public accountant not in the regular employ of the Issuer 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 thirty per centum (130%) of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the following:

(1) The Bonds originally issued pursuant hereto then outstanding;

(2) Any additional parity bonds theretofore issued pursuant to the provisions contained herein then outstanding; and

(3) The additional parity bonds then proposed to be issued.

The "estimated average increased annual net revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased net revenues estimated to be derived from (a) the improvements to be financed by such additional parity bonds and (b) any increase in rates effected by the Issuer prior to the date of delivery of such additional parity bonds, and shall not exceed the amount stated in a certificate of the Consulting Engineer which shall be filed in the office of the Recording Officer of the Issuer prior to the issuance of such additional parity bonds.

The net revenues actually derived from the System during the twelve-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 certified public accountant as stated in a certificate jointly made and signed by the Consulting Engineers and said certified public accountant, on account of increased rates, rentals, fees and charges for the System provided for by the Issuer prior to issuance of such additional parity bonds.

Not later than simultaneously with the delivery of such additional parity bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements 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 Sewer Revenue Bonds, Series 1980, and all the covenants and other provisions hereof (except as to details of such additional parity bonds inconsistent herewith) shall be for equal benefit, protection and security of the Holders of the Sewer Revenue Bonds, Series 1980, 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 or 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 or coupon over any other. The Commission shall comply fully with all the increased payments into the various funds created hereby required for and on account of such additional bonds, in addition to the payments required for Bonds theretofore issued pursuant hereto.

All additional parity bonds shall have the same monthly maturity date and the same semiannual interest payment dates as the Bonds originally issued hereunder.

The term "additional parity bonds," as used in this section, 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 the revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such revenues, with the Bonds, except in the manner and under the conditions provided in this section.

No additional parity bonds, as in this section defined, shall be created at any time, however, unless all the payments into the respective funds and accounts provided for herein on the Bonds then outstanding, and any other payments provided for herein, shall have been made in full as required to the date of delivery of the additional bonds and the Issuer shall then be in full compliance with all the covenants, agreements and terms hereof.

Notwithstanding any of the foregoing provisions, with the written consent in advance of the Authority and upon compliance with the terms, limitations and conditions contained herein, additional parity Bonds may be authorized and issued by the Issuer pursuant to supplemental resolution solely to complete the Project in accordance with the plans and specifications therefor now on file with the Recording Officer of the Issuer in the event that the Bonds issued hereunder should be insufficient, together with other funds lawfully available therefor, to pay all costs of construction and acquisition of the Project; provided, however, that prior to the issuance of such additional parity bonds under the provisions of this paragraph, the Consulting Engineers shall file with the Recording Officer of the Issuer a statement to the effect that additional funds are needed and shall state the amount thereof deemed to be adequate for such purpose. All such additional parity bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project and the maturities of any such additional parity bonds shall be in years and amounts suggested by the Authority.

Section 6.09. Insurance. The Issuer will carry, with a reputable insurance carrier or carriers, such insurance as is customarily carried with respect to works and properties similar to the System, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks, which insurance shall at all times be in an amount or amounts equal to the fair appraisal value of the buildings, properties, furniture, fixtures and equipment of the System. In time of war, the Issuer shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 6.10. Services Rendered to the Issuer. The Issuer will not render or cause to be rendered any free services of any nature by its System; and in the event the Issuer or any officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such officer or employee.

Section 6.11. Remedies and Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer hereunder and under 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds at the specified date of maturity thereof, or otherwise in the performance of any covenant contained herein other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the Issuer of such default, any Bondholder shall, in addition to all other remedies or rights, including, but not limited to, the right of foreclosure provided in the Act, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of operating expenses of the System, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions hereof and of the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all principal due upon the Bonds and interest thereon and under any covenants hereof 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 hereof shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder 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, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and

further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Holders of Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Bondholders, and the curing and making good of any default under the provisions hereof, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. All such fees, rates and charges, if not paid when due, shall become a lien on the premises served by the System. When such fees, rates and charges have been delinquent for thirty (30) days, the Issuer shall have the power to forthwith foreclose the lien on the premises served in the manner provided for the foreclosure of mortgages on real property by the laws of West Virginia, as provided by the Act.

Whenever any rates, rentals or charges for services or facilities of the System shall remain unpaid for a period of thirty days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further convenants and agrees that in the event it owns a waterworks system (the "Water System"), 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 the Water System to all delinquent users of services and facilities of the System and will not restore such services of either System until all delinquent charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.13. No Competing Franchise. The Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services that would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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 currently accepted accounting practices and safeguards. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Sanitary Board of the Issuer shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers and the Authority, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

A. A statement of gross revenues, operating expenses and net revenues derived from the System.

B. A balance sheet statement showing all deposits in all the funds provided for herein and the status of all said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by a certified public accountant and shall mail upon request, and make available generally, the report of said certified public accountant or a summary thereof to any Holder or Holders of Bonds and shall file said report with the Authority.

Section 6.15. Operating Budget. The Sanitary Board of the Issuer shall annually, at least thirty (30) 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 said Sanitary Board shall have unanimously authorized the same. The said Sanitary Board shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his address with the said Sanitary Board and request in writing that copies of all such budgets and resolutions be furnished him 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 Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.16. Mandatory Connections. The mandatory use of the sewer facilities of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare and the economy of the inhabitants of the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land that abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within a reasonable distance thereof, not exceeding 300 feet, and is reasonably accessible thereto, and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, shall connect the waste or sewage lines of such building or structure with the facilities of the System if sewage will flow by gravity from such building or structure into the facilities of the System and shall thereupon and thereafter refrain from using and shall cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates lawfully provided for use of the sewer facilities.

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

Section 6.17. Depository Bank. The Issuer may pay to the Depository Bank from time to time reasonable compensation for all services rendered by the Depository Bank and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Depository Bank in connection with its performance of its functions hereunder. The Issuer shall from time to time have the right to appoint a successor Depository Bank provided that successor Depository Bank be a bank or trust company or national banking association insured by the FDIC. The Depository Bank shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the Issuer a written acceptance thereof.

Section 6.18. Investments. The Issuer covenants that it will instruct the Depository Bank to invest the moneys in the Project Construction Account, the BAN Repayment Account and the Renewal and Replacement Fund to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth herein.

The Issuer further covenants, however, that it will not, and hereby directs that the Depository Bank not, invest or use any of the proceeds of the BAN nor any moneys in Project Construction Account, the BAN Repayment Account or any other fund or account established hereunder in such manner as to cause the BAN to be "arbitrage bonds" under the provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Modification or Amendment. No material modification or amendment hereof or of any ordinance or resolution amendatory hereof or supplemental hereto that would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the Holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 7.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision hereof shall be held

invalid, such invalidity shall not affect any of the remaining provisions hereof.

Section 7.03. Repeal of Conflicting Ordinances and Resolutions. All ordinances, resolutions and orders, or parts thereof, in conflict herewith are to the extent of such conflict repealed.

Section 7.04. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage hereof do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection herewith occurred, and are, duly in office and duly qualified for such offices.

Section 7.05. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Bonds and coupons the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and herein, then the pledge of any revenues, and other moneys and securities pledged hereby and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or coupons or interest installments 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 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 and all coupons appertaining to such 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 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 at the same time, shall be sufficient, to pay when due the principal of and interest due and to become due on the Bonds on and prior to the maturity dates thereof as the case may be. Neither securities or 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 of and interest on said Bond; provided that any cash received from such principal or interest payments on such securities deposited with the Commission, 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 Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Issuer, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only obligations of, or obligations guaranteed by, the United States of America.

Section 7.06. Restrictions as to Arbitrage Bonds. 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 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 the Mayor shall deliver his certificate, based upon this covenant, with regard thereto to the Authority.

Section 7.07. Effective Date. This Bond Legislation shall take effect upon final reading, in the manner prescribed by law.

Section 7.08. Statutory Notice and Public Hearing. Upon adoption hereof, this Bond Legislation shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in the Wirt County Journal a newspaper published and of general circulation in Elizabeth, West Virginia, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the second publication of this Bond Legislation and notice, and present protests. At such hearing, all objections and suggestions shall be

heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading — January 20, 1981
Passed on Second and Final Reading Following Public Hearing — February 9, 1981

Wilbert A. Stinespring
Mayor

Colleen Townsend
Recorder

SUPPLEMENTAL
RESOLUTION

WHEREAS, the TOWN OF ELIZABETH (the "Governmental Agency") acting through its governing body, has heretofore, on February 9, 1981, enacted a bond and notes ordinance authorizing issuance of the Governmental Agency's Sewer Revenue Bonds, and said resolution has been amended by amendatory and supplemental resolutions regarding the Governmental Agency's interim financing as represented by bond anticipation notes;

WHEREAS, West Virginia Water Development Authority ("WDA") has informed the Governmental Agency that permanent financing for the sewer system will be available shortly, and in anticipation thereof, the Governmental Agency has heretofore executed and delivered to WDA a revised Loan Agreement dated June 7, 1982 (the "Loan Agreement") setting forth certain provisions in connection with the permanent bonds;

WHEREAS, it is in the best interest of the Governmental Agency to accept the terms for permanent financing as set forth in the Loan Agreement and "Schedule X", attached thereto, as presented to this meeting.

NOW THEREFORE, BE IT RESOLVED, by the Common Council of the TOWN OF ELIZABETH, that the Loan Agreement and the execution and delivery thereof be ratified and approved and that "Schedule X" thereto, as presented to this meeting, be hereby approved in the form so presented.

BE IT FURTHER RESOLVED that issuance of the Governmental Agency's Bonds in the aggregate principal amount and with interest rates and payment dates and other provisions as set forth in said Schedule X is hereby authorized and approved.

This resolution shall be supplemental to the original ordinance enacted by the Governmental Agency on February 9, 1981 and shall take effect immediately.

Adopted this 24th day of June, 1982.

Lewis Full
Mayor

Collins Townsend
Recorder

06/21/82
WDA

TOWN OF ELIZABETH

Sewer Revenue Bonds, Series 1982

RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND SALE PRICE OF THE SEWER REVENUE BONDS, SERIES 1982, OF THE TOWN OF ELIZABETH; CHANGING SERIES DESIGNATION; AUTHORIZING ISSUANCE OF SUCH BONDS IN TWO SEPARATE SERIES AND AUTHORIZING, APPROVING AND RATIFYING A NEW LOAN AGREEMENT AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Town of Elizabeth (the "Issuer") is a municipal corporation of the State of West Virginia, the governing body of which is its Common Council (the "Governing Body"); and

WHEREAS, the Governing Body has duly and officially enacted on February 9, 1981, an Ordinance (the "Bond and Notes Ordinance") entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION, ADDITIONS, EXTENSIONS AND IMPROVEMENTS FOR THE EXISTING SEWAGE FACILITIES OF THE TOWN OF ELIZABETH, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $475,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1981, BOND ANTICIPATION NOTES AND GRANT ANTICIPATION NOTES; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

providing for the issuance of the Sewer Revenue Bond, Series 1981, of the Issuer (the "Bond"), in the principal amount not to exceed $475,000, providing for the issuance of Sewerage System Bond Anticipation Notes, Series 1981, of the Issuer (the "BAN") in the aggregate principal amount of $305,000, and providing for the issuance of Sewerage System Grant Anticipation Notes, Series 1981, of the Issuer (the "GAN") in the aggregate principal amount of not to exceed $300,000 all in accordance with West Virginia Code, Chapter 16, Article 13 (the "Act") and the Issuer has, on

June 24, 1982, adopted a Resolution supplementing the Bond and Notes Ordinance (such supplemental Resolution, together with the Bond and Notes Ordinance, and this Supplemental Resolution collectively called herein the "Bond Legislation") and in the Bond and Notes Ordinance it is provided that the actual principal amount, maturity date, interest rate, interest payment dates, sale price and other provisions relating to the Bond should be established by a Supplemental Resolution

WHEREAS, in order for the Bond to be sold by the Issuer to West Virginia Water Development Authority ("WDA") pursuant to the Bond and Notes Ordinance, it is necessary for such bond issue to be issued in two series, one subordinate to the other, and with such other changes in the proposed issue as are set forth in a Loan Agreement, dated June 7, 1982, (the "Loan Agreement") heretofore entered into by and between the Issuer and WDA.

WHEREAS, the Governing Body deems it essential and desirable that this Resolution (the "Bond Resolution") be adopted and that the Loan Agreement be authorized, approved and ratified by the Issuer, that the principal amounts, prices, maturity dates, interest rates and interest payment dates of the two series of Sewer Revenue Bonds, Series 1982 (collectively, the "Bonds") be fixed hereby in the manner stated herein and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond and Notes Ordinance and the Act, this Bond Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1982 A (the "Series 1982 A Bonds") of the Issuer in the aggregate principal amount of Three Hundred Thousand Dollars ($300,000), and the Sewer Revenue Bonds, Series 1982 B (the "Series 1982 B Bonds"), of the Issuer in the aggregate principal amount of Eighty Seven Thousand Eight Hundred Ninety-Four Dollars ($87,894).

The Series 1982 A Bonds shall be dated September 13, 1982, shall bear interest at the rates, payable on the respective principal installments on April 1 and October 1 of the years and shall have principal installments payable on October 1 of such years and in such amounts as are set forth in "Schedule X" to the Loan Agreement, which Loan Agreement and said Schedule X are attached hereto as a part hereof and fully incorporated herein.

The Series 1982 B Bonds shall be dated September 13, 1982, shall not bear interest and shall have principal installments payable on October 1, of such years and in such amounts as are set forth in said Schedule X.

Section 2. The Issuer hereby directs the Bonds to be sold to WDA and does hereby authorize, approve and ratify the Loan Agreement, and the execution and delivery thereof, a copy of which is incorporated herein by reference. The purchase price of the Series 1982 A and Series 1982 B Bonds, pursuant to the Loan Agreement shall be $253,500 (84.5%) and $87,894 (100%), respectively.

Section 3. The Bonds shall be secured in the manner and payable solely from the Net Revenues derived from operation of the System (as defined in the Bond and Notes Ordinance). The Series 1982 B Bonds shall be junior and subordinate with respect to sources and security for payment to the Series 1982 A Bonds.

The text of the Series 1982 A Bond shall be of substantially the following form, with such omissions, insertions and variations as may be approved by the Mayor as evidenced by his execution thereof:

[Form of Series 1982 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 1982 A

NO. R-1 $300,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Payee"), or its registered assigns (the "Alternate Payee"), the sum of Three Hundred Thousand Dollars ($300,000), in installments on October 1 of each year, with interest on the outstanding balance hereof at the rates per annum set forth in the Schedule of Payments attached hereto opposite the year in which the installment becomes due.

The interest rate 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 first day of April and the first day of October in each year, beginning October 1, 1982. Both principal of and interest on this Bond are payable in any coin or currency which, on the respective dates of payment of principal and interest, 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 Charleston National Bank, Charleston, West Virginia.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of this Bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its Bond outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption

of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This Bond is issued to finance a portion of the costs of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on February 9, 1981, and as supplemented by resolutions duly adopted by the Council of the Issuer on June 24, 1982 and September 9, 1982 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 130% of the amount required to pay the maximum amount due

in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, 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 Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing. This Bond may be exchanged for an aggregate principal amount of coupon Bonds equal to the unpaid principal amount of this Bond, and having maturities corresponding with the principal installments of this Bond then unpaid.

This Bond shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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 cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, 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.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, all as of the 13th day of September, 1982.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

SCHEDULE OF PAYMENTS

Year	Principal Installment	Interest Rate
1983		
1984		
1985		
1986		
1987		
1988		
1989		
1990		
1991		
1992		
1993		
1994		
1995	$ 5,000	11.80%
1996	$ 5,000	11.90%
1997	$ 5,000	12.00%
1998	$ 5,000	12.00%
1999	$ 5,000	12.00%
2000	$ 5,000	12.00%
2001	$ 5,000	12.00%
2002	$ 5,000	12.00%
2003	$ 5,000	12.00%
2004	$ 5,000	12.00%
2005	$ 5,000	12.00%
2006	$10,000	12.00%
2007	$10,000	12.00%
2008	$10,000	12.00%
2009	$10,000	12.00%
2010	$10,000	12.00%
2011	$15,000	12.00%
2012	$15,000	12.00%
2013	$15,000	10.00%
2014	$20,000	10.00%
2015	$20,000	10.00%
2016	$25,000	10.00%
2017	$25,000	10.00%
2018	$30,000	10.00%
2019	$30,000	10.00%

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Interest Payment Rate	Date Paid	Name of Paying Agent Authorized Officer And Title
	$	$	$		

[Form of Assignment]

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

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

Dated:

_____

In the presence of:

_____

The text of the Series 1982 B Bond shall be of substantially the following form, with such omissions, insertions and variations as may be approved by the Mayor as evidenced by his execution thereof:

[Form of Series 1982 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND, SERIES 1982 B

No. R-1 $87,894

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF ELIZABETH, a municipal corporation of the State of West Virginia (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Payee"), or its registered assigns (the "Alternate Payee"), the sum of Eighty Seven Thousand Eight Hundred Ninety-Four Dollars ($87,894), in 37 equal annual installments of $2,375.51 each, commencing October 1, 1983, and continuing on the first day of each October thereafter, to and including October 1, 2019, without interest.

The principal payments of this Bond are payable in any coin or currency which, on the respective dates of payment 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 The Charleston National Bank, Charleston, West Virginia.

This Bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of maturities at any time, at the price of the par value hereof or principal installments remaining to be paid, without premium, but only with the written consent of the West Virginia Water Development Authority (the "Authority").

This Bond is issued to finance a portion of the costs of construction and acquisition of new public service facilities for the collection, treatment, purification or disposal of liquid or solid wastes (the "System") in the territory to be served by the Issuer under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on February 9, 1981, as supplemented by resolutions duly adopted by the Council of the Issuer on June 24, 1982 and September 9, 1982 (collectively called the ""Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of

additional bonds under certain conditions, and such bonds may be entitled to be paid and secured prior to this Bond from the funds and revenues and other security provided for this Bond under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System (as defined in the Bond Legislation), which Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided, and the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 130% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues. The Issuer has entered into certain further covenants with the holders of this Bond for the terms of which reference is made to the Bond Legislation. Remedies provided the holders of this Bond are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, 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 Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This Bond shall be exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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 cost of the Project described in the Bond Legislation, including payment of the Notes authorized and issued pursuant to the Bond Legislation and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of this Bond, 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 BOND, SERIES 1982 A, OF THE ISSUER, ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, the TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, all as of the 13th day of September, 1982.

_____
Mayor

[SEAL]

ATTEST:

_____
Recorder

[Form of Payment Record]

PAYMENT RECORD

Due Date	Principal Payment	Principal Balance Due After Payment	Name of Paying Agent Authorized Officer And Title
	$	$	

[Form of Assignment]

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

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

Dated:

_____

In the presence of:

_____

Section 4. The Issuer does hereby expressly approve and ratify all modifications pertaining to the Bonds, the sources of and security for payment therefor and the establishment of funds as set forth in the Loan Agreement. The System Revenues and application thereof shall be as provided in Article IV of the Bond and Notes Ordinance, except that debt service on the Series 1982 B Bonds shall not be paid from System Revenues until and unless, there is first paid by the Issuer:

(a) all reasonable operating expenses of the System;

(b) debt service on the Series 1982 A Bonds;

(c) required deposits into the Reserve Account as provided in the Bond and Notes Ordinance; and

(d) required deposits into the Renewal and Replacement Account as provided in the Bond and Notes Ordinance.

All other provisions of the Bond and Notes Ordinance shall apply equally to the Series 1982 A Bonds and the Series 1982 B Bonds, unless expressly modified in the Loan Agreement or this Bond Resolution.

Section 5. So long as any of the Bonds are outstanding, the Issuer covenants that:

(i) the Bonds shall be secured by the Net Revenues from the System;

(ii) the Series 1982 B Bonds shall be subordinate to the Series 1982 A Bonds as to lien and source of payment.

(iii) the schedule of rates or charges for the services of the System shall be sufficient to provide funds which along with other revenues of the System will pay all reasonable expenses of operation, repair and maintenance of the System and leave a balance each year equal to at least 130% of the maximum amount required for debt service on all obligations, including the Series 1982 A Bonds and Series 1982 B Bonds, payable from the revenues of the System;

(iv) the Issuer will complete, operate and maintain the System in good condition;

(v) the System will 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 the Bonds outstanding and are applied for such purpose, or, if such condition cannot be met, only upon receipt of the prior written consent of WDA to such sale;

(vi) the Issuer shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Series 1982 A Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements financed by such parity bonds, shall not be less than 130% of the maximum debt service in any succeeding year on the Series 1982 A Bonds and parity bonds theretofore and then being issued; provided, however, that additional parity bonds may be issued to complete the Project without regard to the foregoing, and further provided that the Issuer may issue obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Series 1982 B Bonds, with the written consent of the Authority;

(vii) the Issuer will carry such insurance as is customarily carried with respect to works and properties similar to the System;

(viii) the Issuer will not render any free services of the System;

(ix) any bondholder may, be proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the

Bonds, the right to obtain the appointment of a receiver to administer the System as provided by law;

(x) all delinquent rates and charges, if not paid when due, shall become a lien on the premises served by the System;

(xi) in the event the Issuer owns a waterworks system (the "Water System"), it will, to the full extent permitted by law, discontinue and shut off the services and facilities of the System and the Water System to all delinquent users of services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid, to the extent such action is permitted by law;

(xii) the Issuer will not grant any franchise to provide any services which would compete with the System;

(xiii) the Issuer shall annually cause the records of the System to be audited by a certified public accountant;

(xiv) the Issuer shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

(xv) to the extent authorized by the laws of the State, prospective users of the System shall be required to connect thereto;

(xvi) except to the extent used to refund notes or other short-term indebtedness issued in anticipation thereof, the proceeds of the Bonds, except for accrued interest, shall be deposited in a construction fund on which the holder of the Bonds shall have a lien until such proceeds are applied to the construction of a water development project; and

(xvii) that the Bond Legislation has been duly enacted in compliance with all necessary corporate and other action and in accordance with applicable provisions of law.

Section 6. The Mayor and the Recorder are hereby authorized and directed to execute and deliver the Bonds and such certificates and other documents required or desirable in connection with the issuance and delivery of the Bonds, and to take all other actions required by the Loan Agreement.

Section 7. The Paying Agent for the Bonds is hereby designated to be The Charleston National Bank, a national banking association with principal office in Charleston, West Virginia.

Section 8. The financing of the Project by the Bond issue is in the public interest, serves a public purpose and will promote the health, welfare and safety of the residents of the Issuer.

Section 9. This Supplemental Resolution shall be effective immediately.

Adopted September 9, 1982.

Mayor

[SEAL]

ATTEST:

Recorder

09/10/81
ELIZ1-B

TOWN OF ELIZABETH, WEST VIRGINIA

BOND ORDINANCE

ORDINANCE AUTHORIZING THE CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS FOR THE PUBLIC SEWER SYSTEM OF THE TOWN OF ELIZABETH, WEST VIRGINIA; AND THE FINANCING OF A PORTION OF THE COST THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT TO EXCEED $108,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 (STATE REVOLVING FUND), FOR THE ACQUISITION, CONSTRUCTION AND EQUIPPING OF THE PUBLIC SEWER SYSTEM THROUGH FINANCING TO BE OBTAINED BY THE TOWN AT A COST ESTIMATED TO BE APPROXIMATELY $540,000; WITH BOND PROCEEDS TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ELIZABETH WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; PLEDGING NET REVENUES, ON A PARITY BASIS, AS SECURITY FOR THE BONDS; PLACING LIMITATION ON SALE OF SYSTEM; AND AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Ordinance") is adopted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. The Town of Elizabeth (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Wirt County.

B. The Issuer desires to have improvements to an existing sewer system constructed. Therefore, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer and surrounding areas that there be constructed additions to the existing wastewater collection

system and treatment facility to serve the Issuer. The proposed improvements will consist of approximately 5,500 linear feet of gravity sewer main, 40 linear feet of highway crossing and related property and equipment (the "Project") which constitute properties for the collection and/or transportation, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing and proposed sewer facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $540,000 to acquire, construct and equip the Project, in accordance with the plans and specifications to be prepared by the Consulting Engineers, which plans and specifications will be filed with the Issuer.

C. The Issuer has entered into a Compliance Order with DEP to make certain improvements to its System.

D. In accordance with Section 18 of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, the System will be under the supervision and control of the Sanitary Board of the Issuer (the "Board"). The Board has approved and delivered a Petition to the Issuer requesting the enactment of this Ordinance and the issuance of the Bonds, as hereinafter defined.

E. The estimated revenues being and to be derived in each year from the Project and the System will be sufficient to pay the costs of said System, the principal of and interest on the Bonds and all sinking funds, reserve accounts and other payments provided for herein and all as such terms are hereinafter defined.

F. The Issuer is the beneficiary of a United States Department of Agriculture, Rural Utilities Service ("RUS") grant in the amount of $432,000, the proceeds of which, together with the Bond proceeds, will be used to acquire, construct and equip the Project.

G. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of $108,000 to finance the cost of the acquisition, construction and equipping of the Project.

H. The estimated maximum cost of the acquisition, construction and equipping of the Project is $540,000, all of which will be obtained from the sale of the Bonds, from a grant or grants to be made available to the Town. The cost of such acquisition, construction and equipping shall be deemed to include but not limited to the cost of preparing drawings, plans and specifications detailing the Project and all attendant expenses; amounts which may be deposited in the Series 1999 Bond Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of DEP or the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, and the performance of the things herein required or permitted in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for acquisition, construction and equipping purposes shall be

deemed Costs of the Project, as hereinafter defined.

I. The period of usefulness of the System after completion of the Project is not less than forty (40) years.

J. The Issuer has completed and filed with the Authority and the West Virginia Division of Environmental Protection ("DEP") an Application for a Loan with attachments and exhibits and will file an Amended Application for a Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), and upon review thereof, the Authority and DEP have indicated their willingness to lend the Issuer $108,000 through the purchase of revenue bonds of the Issuer with moneys held in the Fund, hereinafter defined, subject to the Issuer's satisfaction of certain legal and other requirements of the Program, hereinafter defined.

K. It is in the best interests of the Issuer that its Series 1999 Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement entered into among the Issuer, DEP and the Authority.

L. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and equipping of the Project and issuance of the Bonds, and will comply prior to the issuance of any additional indebtedness, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, if necessary, the time for rehearing and appeal of which will either have expired prior to the issuance of the Bonds or such final order will not be subject to appeal. The Issuer has received the approval of the West Virginia Infrastructure and Jobs Development Council.

M. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and System, and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(C) of the Code and all other entities benefiting thereby reasonably expect to issue less than $5,000,000 in aggregate principal amount of tax-exempt obligations during the calendar year in which the Bonds for the construction phase are to be issued.

N. The Issuer currently has outstanding Sewer Revenue Bonds, Series 1982 A (the "Series 1982 A Bonds") and Series 1982 B (the "Series 1982 B Bonds") (collectively, the "Prior Bonds") in the principal amounts of $280,000 and $49,885.84, respectively. The Prior Bonds are registered to the West Virginia Water Development Authority. The Series 1999 Bonds will be issued on a parity with the Series 1982 A Bonds as to lien on the Net Revenues of the System and senior to the Series 1982 B Bonds. The additional bonds coverage and parity tests set forth in the ordinance authorizing the issuance of the Prior Bonds have been met.

Section 1.03. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall be the registered owners of the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the

covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1999 Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor duly appointed by the Governing Body.

"Board" means the Sanitary Board of the Issuer, as created and appointed by ordinance enacted by the Governing Body of the Issuer pursuant to the provisions of Section 18 of the Act, and any successor thereto.

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

"Bond Registrar" means the bank or other entity designated herein or in any Supplemental Resolution and its successors and assigns.

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

"Bonds" or "Series 1999 Bonds" means the not more than $108,000 in aggregate principal amounts of Town of Elizabeth, Sewer Revenue Bonds, Series 1999 (State Revolving Fund) issued for the purpose of acquiring, constructing and equipping the Project, and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

"Code" means the Internal Revenue Code of 1986, as amended, and including all Regulations promulgated pursuant thereto, and any successors thereto.

"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.

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Boyles and Hildreth, Consulting Engineers, Spencer, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Costs" or "Costs of the Project" means those costs described in Section 1.02H hereof to be a part of the cost of construction and acquisition of the Project.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

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

"DEP" means the West Virginia Division of Environmental Protection, or any other agency of the State of West Virginia that succeeds to the functions of DEP.

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

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

"Governing Body" means the council of the Issuer or other legally constituted governing body of the Issuer, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for any 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 such Grant is to be paid to the Issuer.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant.

"Grants" means any grant or grants received by the Issuer in aid of the design, acquisition and construction of the Project.

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Independent Certified Public Accountants" shall mean any certified public accountant or firm of certified public accountants that shall at any time hereafter be retained by the Issuer to prepare an independent annual or special audit of the accounts of the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means the Town of Elizabeth, in Wirt County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean the Loan Agreement to be entered into among the Authority, DEP and the Issuer providing for the purchase of the Bonds from the Issuer by the Authority, the form of which may be approved, and the execution and delivery by the Issuer authorized and directed or ratified herein or by a Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Bond Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operation and Maintenance Fund" means the Operation and Maintenance Fund established by Section 4.01 hereof.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of DEP or the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption

premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.08 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

"Prior Bonds" means the Issuer's outstanding Sewer Revenue Bonds, Series 1982 A, issued in the original principal amount of $280,000, and its Sewer Revenue Bonds, Series 1982 B, issued in the original principal amount of $49,885.84.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Project" means the acquisition, construction and equipping of certain additions, betterments and improvements for sewer facilities of the Issuer, within or surrounding the Town of Elizabeth and all appurtenant facilities.

"Qualified Investments" means and includes any of the following:

(a) Government Obligations;

(b) Government Obligations which have been stripped of their unmatured interest

coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;

(c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as Primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Investment Management Board pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

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

"Recorder" means the Recorder or Acting Recorder of the Issuer.

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

"Revenue" or "System Revenue Fund" means the Revenue or System Revenue Fund established by Section 4.01 hereof.

"Series 1999 Bonds Reserve Account" means the Series 1999 Bond Reserve Account established in the Series 1999 Bonds Sinking Fund pursuant to Section 4.02 hereof.

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

"Series 1999 Bonds Sinking Fund" means the Series 1999 Bond Sinking Fund established by Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance.

"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 Prior Bonds, the Bonds, or any other obligations of the Issuer, including the Renewal and Replacement Fund, and the Series 1999 Bonds Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means all facilities and other property of every nature, real and personal, now or hereafter owned, held or used in connection with the sewer system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the sewer system after completion of the Project.

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

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

ARTICLE II
AUTHORIZATION OF CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Construction of the Project. There is hereby authorized the acquisition, construction and equipping of the Project, at an estimated cost of $540,000 in accordance with plans and specifications to be prepared by the Consulting Engineers and filed in the office of the Governing Body. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof. The Issuer has received bids and has entered or will enter into contracts for the acquisition, construction and equipping of the Project, compatible with the financing plan submitted to DEP.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying for acquisition, construction and equipping of the Project not otherwise provided for and paying certain costs of issuance of the Bonds and related costs, or any other purposes as determined by a Supplemental Resolution, there shall be issued negotiable Bonds of the Issuer, in the aggregate principal amount of $108,000 for acquisition, construction and equipping of the Project. Said Bonds shall be issued and designated, "Sewer Revenue Bonds, Series 1999 (State Revolving Fund)", in the aggregate principal amount of $108,000 and shall have such terms as set forth hereinafter or in a Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Series 1999 Bonds Reserve Account (if funded from Bond proceeds) shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Terms of Bonds. The Bonds shall be registered and numbered R-1. The Bonds shall not bear interest. The Bonds shall be subject to an annual administrative fee of one percent (1%) payable quarterly to DEP on March 1, June 1, September 1 and December 1, beginning March 1 2001. The Bonds shall mature in not more than twenty (20) years; and shall be redeemable in whole or in part, all as prescribed herein. The Bonds shall be payable as to principal payable quarterly, March 1, June 1, September 1 and December 1, beginning March 1, 2001, 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. Principal on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by a Supplemental Resolution, the Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, as provided in said Bonds. The Bonds shall be exchangeable at the option and expense of the Holders for other fully registered Bonds of the same series Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a new Bond Ordinance.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bonds 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 Bonds, 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 and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Bond Registrar shall keep and maintain books for the registration and transfer of the Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues, on a parity with the Series 1982 A Bonds, and senior to the Series 1982 B Bonds, derived from the operation of the System as herein provided and amounts, if any, in the Series 1999 Bond Reserve Account. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds shall be secured by a lien on the Net Revenues derived from the System on a parity with the Series 1982 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and the Series 1982 A Bonds and to make the payments into the Series 1999 Bond Sinking Fund, the Series 1999 Bond Reserve Account therein and the Renewal and Replacement Fund, hereinafter established, are hereby irrevocably pledged to the payment of the

principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution or Ordinance adopted prior to the issuance thereof:

(FORM OF SERIES 1999 BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF ELIZABETH
SEWER REVENUE BOND,
SERIES 1999
(STATE REVOLVING FUND)

No. R-1 $108,000

Date: August 31, 1999

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF ELIZABETH, a municipality, public corporation and political subdivision of the State of West Virginia in Wirt County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the order of the West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of One Hundred Eight Thousand and 00/100 Dollars ($108,000.00), or such lesser amount as set forth on the Record of Advances attached as Exhibit A hereto and incorporated herein by reference. Interest on this Bond is set at zero percent (0%) per annum, plus an annual administrative fee of one percent (1%) payable quarterly. Principal on the Bond is payable in quarterly installments commencing March 1, 2001, and thereafter in quarterly installments on each March 1, June 1, September 1 and December 1, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference. The final installment of principal shall be paid at the end of twenty (20) years from the date amortization of debt service on the Bond begins and shall be in an amount equal to the amount of outstanding principal due on the Bond at said date. Notwithstanding any provision of this Bond to the contrary, this Bond shall evidence only the indebtedness reflected as outstanding on the Record of Advances attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). Principal on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of WesBanco Trust and Investment Services, a Division of WesBanco Bank Wheeling, at its principal office in Wheeling, West Virginia (the "Registrar"), on the 15th day of the month next preceding such payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole at par, but only upon thirty (30) days prior written notice to the Authority and the West Virginia Division of Environmental Protection ("DEP") and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement by and among the Issuer, the Authority and DEP.

This Bond is issued (i) to pay a portion of the costs of acquisition, construction and equipping of certain additions, betterments and improvements to the public sewer facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The sewer system of the Issuer, together with the Project, and any further extensions, additions, betterments or improvements thereto is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an Ordinance duly enacted by the Issuer and effective August 30, 1999 (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 Bond 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, from moneys in the Reserve Account created under the Ordinance for the Bonds (the "Series 1999 Bond Reserve Account") and unexpended proceeds of the Bonds on a parity with the Issuer's Sewer Revenue Bonds, Series 1982 A and senior to the Issuer's Sewer Revenue Bonds, Series 1982 B (collectively, the "Prior Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 Bond Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount payable in any year for principal of and interest on the Bonds and the Prior Bonds, and all other obligations secured by a lien on or payable from such net revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1999 Bond Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year and in the reserve account established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Prior Bonds originally specified a debt service coverage requirement of one hundred thirty percent (130%) which was reduced to one hundred fifteen percent (115%) by the Authority, as the owner of the Prior Bonds.

The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. More particularly, the Issuer has covenanted that it will be in default hereunder if any Bond proceeds are used for a purpose that contributes to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity. 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.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the owner of this Bond.

THIS BOND IS ON A PARITY AS TO LIEN AND SOURCE OF PAYMENT WITH THE CERTAIN SEWER REVENUE BONDS, SERIES 1982 A, AND SENIOR TO SEWER REVENUE BONDS, SERIES 1982 B, OF THE ISSUER DESCRIBED IN AN ORDINANCE ENACTED ON FEBRUARY 9, 1981, AND AMENDED BY A RESOLUTION APPROVED ON SEPTEMBER 13, 1982.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

All provisions of the 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, TOWN OF ELIZABETH has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder and has caused this Bond to be dated August 31, 1999.

TOWN OF ELIZABETH

[SEAL]

By: _____
Mayor

ATTEST:

_____
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: August 31, 1999

WesBanco Trust and Investment Services,
a Division of WesBanco Bank Wheeling

By: _____
Senior Trust Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $92,561.00	August 31, 1999	(6) $_____	
(2) $_____		(7) $_____	
(3) $_____		(8) $_____	
(4) $_____		(9) $_____	
(5) $_____		(10) $_____	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Town of Elizabeth (West Virginia)

Loan of $108,000

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

Closing Date: August 31, 1999

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	1,350.00	-	1,350.00
6/01/2001	1,350.00	-	1,350.00
9/01/2001	1,350.00	-	1,350.00
12/01/2001	1,350.00	-	1,350.00
3/01/2002	1,350.00	-	1,350.00
6/01/2002	1,350.00	-	1,350.00
9/01/2002	1,350.00	-	1,350.00
12/01/2002	1,350.00	-	1,350.00
3/01/2003	1,350.00	-	1,350.00
6/01/2003	1,350.00	-	1,350.00
9/01/2003	1,350.00	-	1,350.00
12/01/2003	1,350.00	-	1,350.00
3/01/2004	1,350.00	-	1,350.00
6/01/2004	1,350.00	-	1,350.00
9/01/2004	1,350.00	-	1,350.00
12/01/2004	1,350.00	-	1,350.00
3/01/2005	1,350.00	-	1,350.00
6/01/2005	1,350.00	-	1,350.00
9/01/2005	1,350.00	-	1,350.00
12/01/2005	1,350.00	-	1,350.00
3/01/2006	1,350.00	-	1,350.00
6/01/2006	1,350.00	-	1,350.00
9/01/2006	1,350.00	-	1,350.00
12/01/2006	1,350.00	-	1,350.00
3/01/2007	1,350.00	-	1,350.00
6/01/2007	1,350.00	-	1,350.00
9/01/2007	1,350.00	-	1,350.00
12/01/2007	1,350.00	-	1,350.00
3/01/2008	1,350.00	-	1,350.00
6/01/2008	1,350.00	-	1,350.00
9/01/2008	1,350.00	-	1,350.00
12/01/2008	1,350.00	-	1,350.00
3/01/2009	1,350.00	-	1,350.00
6/01/2009	1,350.00	-	1,350.00
9/01/2009	1,350.00	-	1,350.00
12/01/2009	1,350.00	-	1,350.00
3/01/2010	1,350.00	-	1,350.00
6/01/2010	1,350.00	-	1,350.00
9/01/2010	1,350.00	-	1,350.00
12/01/2010	1,350.00	-	1,350.00
3/01/2011	1,350.00	-	1,350.00

Town of Elizabeth (West Virginia)

Loan of $108,000

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

Closing Date: August 31, 1999

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	1,350.00	-	1,350.00
9/01/2011	1,350.00	-	1,350.00
12/01/2011	1,350.00	-	1,350.00
3/01/2012	1,350.00	-	1,350.00
6/01/2012	1,350.00	-	1,350.00
9/01/2012	1,350.00	-	1,350.00
12/01/2012	1,350.00	-	1,350.00
3/01/2013	1,350.00	-	1,350.00
6/01/2013	1,350.00	-	1,350.00
9/01/2013	1,350.00	-	1,350.00
12/01/2013	1,350.00	-	1,350.00
3/01/2014	1,350.00	-	1,350.00
6/01/2014	1,350.00	-	1,350.00
9/01/2014	1,350.00	-	1,350.00
12/01/2014	1,350.00	-	1,350.00
3/01/2015	1,350.00	-	1,350.00
6/01/2015	1,350.00	-	1,350.00
9/01/2015	1,350.00	-	1,350.00
12/01/2015	1,350.00	-	1,350.00
3/01/2016	1,350.00	-	1,350.00
6/01/2016	1,350.00	-	1,350.00
9/01/2016	1,350.00	-	1,350.00
12/01/2016	1,350.00	-	1,350.00
3/01/2017	1,350.00	-	1,350.00
6/01/2017	1,350.00	-	1,350.00
9/01/2017	1,350.00	-	1,350.00
12/01/2017	1,350.00	-	1,350.00
3/01/2018	1,350.00	-	1,350.00
6/01/2018	1,350.00	-	1,350.00
9/01/2018	1,350.00	-	1,350.00
12/01/2018	1,350.00	-	1,350.00
3/01/2019	1,350.00	-	1,350.00
6/01/2019	1,350.00	-	1,350.00
9/01/2019	1,350.00	-	1,350.00
12/01/2019	1,350.00	-	1,350.00
3/01/2020	1,350.00	-	1,350.00
6/01/2020	1,350.00	-	1,350.00
9/01/2020	1,350.00	-	1,350.00
12/01/2020	1,350.00	-	1,350.00
Total	**108,000.00**	-	**108,000.00** *

*Plus $136.69 quarterly administrative fee. Total fee paid over the life of the loan is $10,935.20.

ASSIGNMENT

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

Dated: _____, 19__.

_____
(Assignor)

Witnessed in the presence of:

_____

Section 3.10. Sale of Bonds; Ratification of Execution of Loan Agreement with Authority and DEP; Incorporation of Terms. The Series 1999 Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the forms attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Mayor, the execution of which shall be conclusive evidence of such approval, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to DEP and the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.11. Certificate of Consulting Engineers. Prior to the issuance of the Bonds, the Issuer must obtain the certificate of the Consulting Engineers in the form attached to the Loan Agreement to the effect that the Project will be constructed in accordance with the approved plans and specifications as submitted to DEP and the Authority, as the case may be, the Project is or will be adequate for the purposes for which it was designed, and the funding plan as submitted to DEP and the Authority is sufficient to pay the costs of the acquisition and construction of the Project.

Section 3.12. "Amended Schedule A" Filing. Within sixty (60) days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the acquisition, construction and equipping of the Project and sources of funds thereof.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund or System Revenue Fund;

(2) Operation and Maintenance Fund;

(3) Renewal and Replacement Fund; and

(4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created or continued with the Commission:

(1) Series 1999 Bond Sinking Fund;

(a) Within the Series 1999 Bond Sinking Fund, the Series 1999 Bond Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the System Revenue Fund established herein. 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 Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses including the annual administrative fee of one percent (1%) described in Section 3.02 hereof.

(2) The Issuer shall, beginning on the date set forth in Exhibit B to the Bonds in order to provide debt service on the Bonds, shall deposit in the Series 1982 Sinking Fund one third (1/3) of the interest payment next coming due on the Series 1982 A Bonds, and then in the Series 1999 Sinking Fund one-third (1/3) of the principal payment next coming due on the Bonds, beginning four (4) months prior to the first date of payment of principal of the Bonds on a parity with the Series 1982 A Bonds. The Issuer shall submit payments monthly to the Commission, on a pro rata basis with the Series 1982 A Bonds, with instructions that the Commission will make quarterly payments to the Authority at such address as are given to the Commission in writing by the Authority. The Issuer shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

(3) The Issuer shall next, on the first day of each month, commencing three (3) months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, on a pro rata basis with the Series 1982 A Bonds, for deposit into the Series 1999 Bonds Reserve Account, an amount equal to 1/120 of the Series 1999 Bonds Reserve Requirement on a parity with the Series 1982 A Bonds; provided, that no further payments shall be made into the Series 1999 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 Bonds Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in

accordance with Article VII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1999 Bond Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof,] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

With respect to the payments made by the Issuer under Section 4.03 (1) through (4) above which relate to the Series 1999 Bonds, the Issuer shall complete the Monthly Payment Form described in the Loan Agreement and submit a copy of said form and the check or checks representing such payments to the Authority by the 5th day of such calendar month.

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

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1999 Bonds Sinking Fund and Series 1999 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1999 Bonds Reserve Account which result in a reduction in the balance of the Series 1999 Bonds Reserve Accounts to below the Series 1999 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1999 Bonds Sinking Fund for payment of debt service on the Bonds.

B. As and when additional bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the Sinking Fund sufficient to pay the interest on such additional parity bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the bonds of such series, including such additional bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1999 Bonds Sinking Fund or into the Series 1999 Bonds Reserve Account therein when the aggregate amount of funds in said Series 1999 Bonds Sinking Fund and Series 1999 Bonds Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Ordinance then

Outstanding and all interest to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 Bonds Sinking Fund created hereunder, and all amounts required for said Series 1999 Bonds Sinking Fund shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Series 1999 Bonds Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

Moneys in the Series 1999 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 1999 Bonds Sinking Fund, including the Series 1999 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Bonds and any additional bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1999 Bonds Sinking Fund, including the Series 1999 Bonds Reserve Account therein and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Such Surplus Revenues shall be used to redeem the Bonds or for any lawful purposes of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Commission's fees, the Registrar's fees, the Paying Agent's fees and the Depository Bank's charges then due.

E. WesBanco Bank Parkersburg, Elizabeth Branch, is hereby designated the Depository Bank. The Issuer appoints WesBanco Trust and Investment Services, a Division of WesBanco Bank Wheeling, as Registrar for the Bonds, and the Commission is hereby designated as Paying Agent for the Bonds.

F. 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.

G. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

Section 4.04. Excess Bond Proceeds. The Issuer shall place any excess proceeds from the Bonds not required by the Project in the Series 1999 Bonds Reserve Account or as otherwise directed by the Authority and DEP.

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 5.01. Application of Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Bonds, there shall be deposited with the Commission in the Series 1999 Bonds Reserve Account the sum, if any, required hereunder for funding the Series 1999 Bonds Reserve Account.

B. The remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer as received from time to time in the Construction Fund established hereunder.

C. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Construction Fund shall be used solely to pay Costs of the Project and, until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

On or before the Closing Date, the Issuer shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Construction Fund shall be made only after submission to, and approval from, the Authority and DEP of the following:

(1) a completed and signed "Payment Requisition Form," the form of which is attached to the Loan Agreement as Exhibit C, and

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

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

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

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

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

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Construction Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

Until disbursed by the Issuer, moneys in the Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

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 Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Section 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Bonds issued hereunder shall be secured forthwith by a parity lien on the Net Revenues with the Series 1982 A Bonds and senior to the Series 1982 B Bonds derived from the operation of the System including the sewage assessment fees collected by the Issuer and imposed by the Sewage Treatment Ordinance approved by the Governing Body of the Issuer on October 15, 1998. The Revenues derived from the System, in amounts sufficient to pay the principal of and interest on the Bonds and to make the payments into the Series 1999 Bonds Sinking Fund, including the Series 1999 Bonds Reserve Account therein, and all other payments provided for in the Ordinance and the Sewage Treatment Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Ordinance.

Section 6.04. Rates. Prior to issuance of the Bonds, equitable rates or charges for the proposed and/or actual use of and service rendered by the System have been or will be established, all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from 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 Issuer 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 purchaser 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 Issuer 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 reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds; provided that, in the event that amounts at least equal to or in excess of the Reserve Requirements are on deposit in the Series 1999 Bonds Reserve Account and the Reserve Accounts for the Bonds are funded at least at the requirement provided for in the Ordinance,

such balances each Fiscal Year need only equal at least one hundred ten percent (110%) of the maximum amounts required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds.

Section 6.05. Completion, Operation and Maintenance; Schedule of Costs. The Issuer will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in the Ordinance.

Upon completion of the Project, the Issuer shall file with the Authority a schedule in substantially the form of Amended Schedule A to the loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 6.06. Sale of the System. Except as otherwise required by state law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Outstanding Bonds and effectively defease this Ordinance in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Outstanding Bonds, immediately be remitted to the Commission for deposit in the Series 1999 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Outstanding Bonds. Any balance remaining after the payment of all the Outstanding Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

the Authority and DEP, be remitted by the Issuer to the Commission for deposit in the Series 1999 Bond Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payment of such proceeds into the Series 1999 Bonds 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 $50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of DEP and the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by DEP and the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally 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; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1999 Bonds Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof. The Issuer will give the Authority and DEP prior written notice of the issuance of other obligations to be used for the Project, payable from System revenues or grants for the Project.

Section 6.08. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bonds issued pursuant to this Ordinance, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Bonds and Prior Bonds and shall be issued with the written consent of the Authority.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of the System or extensions, improvements or betterments to the System or

refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the 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 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 Parity Bonds, shall not be less than one hundred 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:

(1) The Series 1999 Bonds and Prior Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 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 adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such additions, betterments or improvements, if any, to the System that are to be financed by such Parity Bonds.

All covenants and other provisions of this Ordinance (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their

issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Bond Ordinance or Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this 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 such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

B. Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, the costs of acquiring the Project site, construction, and installing the Project, and DEP and any Holder of a Bond or 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 Issuer shall keep complete and accurate records of the costs of designing the System, acquiring the Project site and acquiring, constructing and installing the Project. The Issuer shall permit the Authority, or its agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority such documents and information as it may reasonably require in connection with the design, acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of

financing for the Project.

The Issuer shall permit the Authority and DEP, or their agents and representatives, to inspect all records pertaining to the construction and operation of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer shall 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 owner of a Bond or Bonds issued pursuant to the 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 Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, and DEP, the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Ordinance with respect to said Bonds and the status of all said funds and accounts.

(C) The amount of any Outstanding Bonds or other obligations outstanding and secured by a lien on the Net Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to and DEP, the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of

the Loan Agreement and this Ordinance and the Act and that Gross Revenues are adequate to meet operation/maintenance expenses and debt service requirements.

The Issuer shall also, during construction of the Project and for two (2) years following the completion of the Project, complete a Monthly Financial Report, the form of which is attached to the Loan Agreement as Exhibit B and made a part hereof, and forward a copy by the 10th of each month to the Authority and DEP.

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

The Issuer shall permit the Authority, or its agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority, or its agents and representatives, with access to the plans, drawings, specifications, System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority with respect to the System pursuant to the Act.

Section 6.10. Compliance With Loan Agreement, Rules and Regulations. The Issuer hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the Authority and DEP, or other state, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 6.11. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated reserves and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall, within thirty (30) days of the adoption thereof, mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to DEP, the Authority and to any Holder of any Bond, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to DEP and to any Holder of any Bond, or anyone acting for and on behalf of such Holder of any Bonds.

In addition, the Issuer shall annually cause the records of the System to be audited by an Independent Certified Public Accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Ordinance and the Loan Agreement.

Section 6.12. Engineering Services and Operating Personnel. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and DEP covering the supervision and inspection of the construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, DEP and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit the As-Built Plans to it within sixty (60) days of the completion of the Project. The Issuer shall notify DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," the form of which is attached to the Loan Agreement as Exhibit A, to DEP within sixty (60) days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual to DEP when the Project is ninety percent (90%) completed.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed before the Project is twenty-five percent (25%) complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify DEP in writing of the certified operator employed at the twenty-five percent (25%) completion stage.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid, to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia. Rates, rentals and

other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 6.15. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.16. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer and its contractors and subcontractors will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

(3) WORKERS' 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 Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available

at reasonable cost to the Issuer.

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

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

Section 6.17. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State 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 Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of the Issuer.

Section 6.18. Completion of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and State requirements and standards.

The Issuer will obtain all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 6.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PUBLIC PURPOSE BONDS. The Issuer shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as a local governmental activity of the Issuer.

B. PRIVATE ACTIVITY BOND COVENANT. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of five percent (5%) of the Net Proceeds of the Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

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

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

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

Section 6.20. Rebate Covenant. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted above, the Bonds are not private activity bonds within the meaning of the Code, and ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Bonds will be used for local governmental activities of the Issuer. The Issuer reasonably expects it and all its subordinate entities to issue less than $5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1999, in which the first series of Bonds are to be issued. Therefore, the Issuer believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is in fact subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further described in Section 7.03. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Bonds.

Section 6.21. Compliance with Loan Agreement. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

Section 6.22. Securities Law Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 6.23. Public Service Commission Approval. The Issuer shall obtain all requisite orders of and approvals from the Public Service Commission of West Virginia necessary for the construction of the Project and operation of the System, and the Authority and DEP shall receive an opinion of counsel to the Issuer to such effect.

Section 6.24. Contracts. A. The Issuer shall simultaneously with the delivery of the Bonds or immediately thereafter enter into written contracts for the immediate acquisition or construction of the Project.

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

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01 and in Section 7.02 and 7.03.

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, or at par if such investment is held in the "Consolidated Fund." The Commission, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are outstanding.

Section 7.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "Arbitrage Bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal Information Return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross

income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. Tax Certificate and Rebate. The Issuer 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 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 this Ordinance.

If it is determined that the Issuer does not qualify for an exception to Section 148 of the Code or the Issuer is otherwise subject to rebate in connection with the Bonds, the Issuer 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 Authority, the Issuer shall deposit, or cause to be deposited, in 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, and used only for payment of rebatable arbitrage to the United States. The Issuer 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 Issuer to be used for any lawful purpose of the System. The Issuer 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 Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code or such Regulations. 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 Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within fifteen (15) days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority 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 Issuer shall furnish to the Authority such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as the Authority may request. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as defined in the Code).

The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

Section 7.04. Restriction of Yield and Bond Proceeds. The Issuer shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE VIII
DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds or the Prior Bonds:

(1) If default occurs in the due and punctual payment of the principal of the Bonds or the Prior Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Loan Agreement, any Supplemental Resolution or the Bonds or in the Prior Bonds or the ordinance and resolution which authorized the Prior Bonds, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond or the Prior Bonds; or

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of Outstanding Bonds may exercise any available remedy and bring any appropriate

action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the 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 Outstanding Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Outstanding Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinance with respect to the Outstanding Bonds, or the rights of such Registered Owners. Any such remedies shall be exercised in a manner benefitting the holders of the Series 1999 Bonds and the Prior Bonds on a parity basis.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the 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 Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond 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 said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might do.

Whenever all that is due upon the Bonds and 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 Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bond. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owner of such Bond 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 Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the 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 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 Issuer to the Registered Owners of the Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the 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 Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

RATES, RULES, COVENANTS, ETC.

Section 10.01. Initial Schedule of Rates and Charges.

A. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in a Tariff on file with the Public Service Commission effective October 15, 1998, which Tariff is incorporated herein by reference and is made a part hereof.

B. The Issuer hereby ratifies a Rate Ordinance enacted on October 15, 1998, which sets forth the rates and charges as set out in the above-referenced order and included on the tariff sheet filed with the Public Service Commission.

Section 10.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

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

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

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

D. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

ARTICLE XII

MISCELLANEOUS

Section 12.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bonds, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such Financing Statements in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of Wirt County.

Section 12.02. Delivery of Bonds. The Mayor and Recorder of the Governing Body are hereby authorized and directed to cause the Bonds, numbered R-l, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 12.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

Section 12.04. Amendment or Modification of Ordinance. No material modification or amendment of this Ordinance, or of any ordinance or resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding and DEP and the Authority; provided, 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 Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owners thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Ordinance may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 12.05. Ordinance Constitutes Contract. The provisions of this Ordinance shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of this Ordinance shall be made in any manner, except as in this Ordinance provided.

Section 12.06. Conflicting Provisions Repealed. All ordinances and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed

except the 1982 Ordinance.

Section 12.07. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 12.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 12.09. Supplemental Resolutions. The Issuer may pass such supplemental resolutions, if necessary, to effectuate the purposes and intent of this Ordinance.

Section 12.10. Effective Time. This Ordinance shall take effect immediately upon its adoption.

Section 12.11 Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of Elizabeth, together with a notice stating that this Bond Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Town Council upon a date certain, not less than ten (10) days subsequent to the date of the first publication of such abstract of this Bond Ordinance and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard, and the Governing Body shall take such action as it shall deem proper in the premises.

First Reading – August 5, 1999

Second Reading – August 12, 1999

Enacted Following Public Hearing – August 30, 1999

TOWN OF ELIZABETH, WEST VIRGINIA

By Lewis Full
Mayor

[SEAL]

ATTEST:

Penny McVay
Recorder

CERTIFICATION

The undersigned does hereby certify that the attached Ordinance is a true and accurate copy of an Ordinance duly enacted by the Council of the TOWN OF ELIZABETH, WEST VIRGINIA on and effective on August 30, 1999, and that the foregoing document remains in full force and effect and has not been amended.

Dated: August 31, 1999.

[SEAL]

Recorder

TOWN OF ELIZABETH

REFUNDING BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $350,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ELIZABETH SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ELIZABETH DESIGNATED AS TOWN OF ELIZABETH SEWER SYSTEM REVENUE BOND, SERIES 1982 A; AUTHORIZING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ELIZABETH; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ELIZABETH IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $350,000.00, WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ELIZABETH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Ordained by the Town Council of Elizabeth, West Virginia:

ARTICLE I

STATUTORY AUTHORITY FINDINGS AND DEFINITIONS

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"), and other applicable provisions of law.

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

A. The Town of Elizabeth, West Virginia (the "Town"), now owns a sewerage system (the "System"), both within and without the corporate limits of the Town, consisting of pumps, storage tanks, 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 treatment, and the collection, treatment and disposal in a sanitary manner of sanitary sewage and industrial wastes.

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board of the Town (the "Sanitary Board").

C. The acquisition and construction of the System were financed in part by the proceeds of prior bond and note issues of the Town, including $300,000.00 in original principal amount of Sewer Revenue Bonds, Series 1982 A (the "1982 Series A Bonds"), which are secured by a first lien on the net revenues of the System; $87,894.00 in original principal amount of Sewer Revenue Bonds, Series 1982 B (the "1982 Series B Bonds"), which are secured by a second and junior lien on the net revenues of the System and $108,000.00 in original principal amount of 1999 Sewer Revenue Bonds ("1999 Series Bonds"), which are secured by a first lien on the net revenues of the System.

D. The 1982 Series A Bonds are currently outstanding in the aggregate principal amount of $270,000.00, the 1982 Series B Bonds are currently outstanding in the aggregate principal amount of $45,135.00 and the 1999 Series Bonds are currently outstanding in the aggregate principal amount of $105,300.00.

E. The Town derives revenues from the System, and, except for the pledges thereof to secure and pay the 1982 Series A Bonds, the 1982 Series B Bonds and the 1999 Series Bonds, said revenues are not pledged or encumbered in any manner.

F. The Town may now refund the 1982 Series A Bonds at a savings to the Town and, therefore, such refunding is in the best interests of the Town.

G. The 1982 Series A Bonds will be refunded with the proceeds of the Series 2001 A Bonds, together with funds of the Town made available by the refunding of the 1982 Series A Bonds.

H. After the issuance of the Series 2001 A Bonds, the 1982 Series B Bonds will be secured by a first lien on the net revenues of the System on a parity with the 1999 Series Bonds and the Series 2001 A Bonds.

I. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of, interest on, and any other charges required to be paid in connection with the 1982 B Bonds and the 1999 Series Bonds, the principal of and interest on the Series 2001 A Bonds authorized to be issued pursuant to this Ordinance and all sinking fund, reserve account and other payments provided for in this Ordinance.

J. The Series 2001 A Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the form set forth herein 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 Town.

K. All things necessary to make the Series 2001 A Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Town 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 Series 2001 A Bonds, will be timely done and duly performed

L. The enactment of this Ordinance, and the execution and issuance of the Series 2001 A Bonds, subject to the terms thereof, will not result in any breach of, nor constitute a default under, any instrument to which the Town is a party or by which it may be bound or affected.

M. The Town is a governmental unit with general taxing powers.

N. The Series 2001 A Bonds are not private activity bonds as defined in the Code.

O. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Series 2001 A Bonds will be issued for local governmental activities of the Town.

P. The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town to be used directly or indirectly in any manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

Q. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

R. The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code.

S. It is deemed necessary for the Town to issue its Series 2001 A Bonds to refund the 1982 Series A Bonds.

Section 1.03 Ordinance Constitutes a Contract. In consideration of the acceptance of the Bonds authorized to be issued hereunder by those who shall hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders, and the covenants and agreement herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal holders 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. The following terms shall have the following meanings in this Ordinance unless the context expressly required otherwise:

"Act" shall mean Chapter 16, Article 13, and Chapter 13, Article 2E, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

"Authorized Newspaper" shall mean a financial journal or newspaper of general circulation in the City of Elizabeth, West Virginia, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published.

"Authorized Officer" shall mean the Mayor of the Town or any other office of the Town specifically designated by resolution of the Town Council.

"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 fully registered Bond.

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

"Bonds" shall mean the Town of Elizabeth Sewer Revenue Refunding Bonds, Series 2001 A Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

"Bond Year" shall mean the twelve 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.

"Certificate of Authentication and Registration" shall mean the Certificate of Authentication and Registration on the Series 2001 A Bonds, substantially in the form set forth herein.

"Town" shall mean The Town of Elizabeth, a municipal corporation of the State of West Virginia, and, where appropriate, the Town Council and/or Sanitary Board of the Town.

"Town Clerk" shall mean the Clerk or Recorder of the Town.

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

"Closing Date" shall mean the date or dates upon which there is an exchange of the Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of August, as amended and supplemented from time to time, and Regulations issued pursuant thereto.

"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 a firm of registered professional engineers selected by the Board to provide consulting services with respect to the acquisition and construction of additions, improvements and betterments to the System.

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

"Costs of Issuance Account" shall mean the account of that name created pursuant to Section 5.02 hereof.

"Depository Bank" shall mean the bank or banks to , if any, be designated as such in the Supplemental Resolution.

"Escrow Agreement" shall mean a separate agreement between the Town and the Commission as escrow trustee, if such is requested to effectuate the refunding of the Series 1982A Bonds.

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

"Event of Default" shall mean any occurrence or events specified in Section 7.01 hereof.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the function of the FDIC.

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

"Governmental 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 Town 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 those described in clause (i), which are irrevocably pledged for such purposes.

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

"Mayor" means the Mayor of the Town.

"Net Proceeds" shall mean the face amount of the Bonds, plus accrued interest or premium, if any, less Original Issue Discount, if any, and less proceeds deposited in the Reserve Account, if any.

"Net Revenues" shall mean Revenues less Operating Expenses.

"Operating Expenses," unless qualified, shall mean the current expenses, paid or accrued, of repair, operation and maintenance of the System (excluding depreciation) and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Town or the Sanitary Board relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Original Purchaser" shall mean that investment banking firm or other entity designated as such in a Supplemental Resolution.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the Registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.05; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents notices and the like, any Bond registered to the Town.

"Paying Agent" shall mean a Paying Agent for the Bonds appointed by a resolution supplemental hereto.

"Prior Bonds" or "1982 Series A Bonds" shall mean the Town's Sewer Revenue Bonds, Series 1982 A, dated September 13, 1982, issued in the original principal amount of $300,000.00 and currently outstanding in the principal amount of $270,000.00, its Series 1982 B Bonds issued in the original principal amount of $87,894.00 and currently outstanding in the amount of $45,135.00 and its Series 1999 Sewer Revenue Bonds issued in the original principal amount of $108,000.00 and currently outstanding in the amount of $105,300.00.

"Prior Bonds Redemption Date" shall mean the date or dates established by a Supplemental Resolution for the redemption of the Prior Bonds.

"Prior Ordinance" shall mean the Ordinance enacted by the Town Council on September 9, 1982, as amended and supplemented, authorizing the issuance of the Prior Bonds.

"Private Business Use" shall mean use directly or indirectly in any trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

(b) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:

Export - Import Bank
Farmers Home Administration
General Services Administration
U. S. Maritime Administration
Small Business Administration
Government National Mortgage Association (GNMA)
U. S. Department of Housing & Urban Development (PHA's)
Federal Housing Administration;

(c) bonds, notes or other evidences of indebtedness rated "AAA" by Standard & Poor's Corporation and "Aaa" by Moody's Investor Services, Inc., issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(d) U. S. dollar denominated deposit accounts, federal funds and banker's acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and maturing no more than 360

days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by Standard & Poor's Corporation and "P-1" by Moody's Investor Services, Inc. and which matures not more than 270 days after the date of purchase;

(f) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's Corporation; and

(g) pre-refunded municipal obligations defined as follows:

Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and (A) which are rated, based on the escrow in the highest rating category of Standard & Poor's Corporation and Moody's Investor Services, Inc. or any successors thereto; or (B)(i) which are fully secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or obligations described in paragraph (a) above, which fund may be applied only the payment of such principal of and interest and redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which fund is insufficient as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof of on the redemption date or dates specified in the irrevocable instructions referred to above, as appropriate.

"Record Date" shall mean the day of the month which shall be so stated in the Bonds, regardless of whether such day is a Saturday, Sunday or other legal holiday.

"Redemption Price" shall mean such amount as is established in a Resolution supplemental hereto.

"Refunding Bonds" or "Series 2001 A Bonds" shall mean the Sewer Refunding Revenue Bonds, Series 2001 A, of the Town originally authorized to be issued pursuant to this Ordinance.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of August, as amended.

"Renewal and Replacement Fund" shall mean the fund created by Section 4.01 hereof.

"Representation Letter" shall mean the Letter Agreement among the Town, DTC and the Paying Agent.

"2001 Series A Bonds Reserve Account" shall mean the account in the Sinking Fund, as hereinafter defined, created by Section 4.01 hereof, if a reserve account is required by the Original Purchaser.

"Reserve Account Requirement" shall mean the maximum amount of principal and interest which will mature and come due on the Bonds in the then current or any succeeding Fiscal Year, if a reserve account is required by the Original Purchaser.

"Revenue Fund" shall mean the fund created by Section 4.01 hereof.

"Revenues" shall mean all rates, rents, fees, charges or other income received by or accrued to the Sanitary Board from the operation of the System, as calculated in accordance with generally accepted accounting practices.

"Sinking Fund"shall mean the fund created by Section 4.01 hereof.

"Supplemental Resolution" shall mean any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Series 2001 A Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" shall mean the complete existing sewerage system now owned by the Town, both within and without the corporate limits of the Town, consisting of pumps, 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.

"Sanitary Board" shall mean the Sanitary Board of the Town as now or hereafter constituted or any other agency, department or instrumentality of the Town which shall at any time have jurisdiction, possession or control of the System or the management and operation thereof.

"Value," which shall be determined as of the end of each month means that the value of any investments shall be calculated as follows:

(a) as to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times); the average of the bid and asked prices for such investment so published on or most recently prior to such time of determination;

(b) as to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Town in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service; and

(c) as to certificates of deposit and bankers acceptances; the face amount thereof, plus accrued interest.

Words importing singular number shall include the plural number in each case and vice versa and words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

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 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 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 FOR REFUNDING PRIOR BONDS

Section 2.01. Authorization for Refunding Prior Bonds. The Series 1982 A Bonds outstanding as of the date of issuance of the Series 2001 A Bonds are hereby ordered to be refunded pursuant tot he letter under date of June 15, 2001, from the State of West Virginia Water Development Authority relevant to the "Upcoming Call Date and Prepayment Opportunity" by making the required payment as set forth by the Water Development Authority in the Schedule to the June 15, 2001, letter. If required by the Commission, such payment may be deposited in an escrow established between the Town and the Commission which escrow shall defease the Prior Bonds. Upon payment of the required sums to the Commission for the benefit of the WDA, the lien of said Prior Bonds imposed by the Prior Ordinance on the revenues of the System is hereby ordered terminated, discharged and released. Upon the refunding of the Prior Bonds, the amounts on deposit in the renewal and replacement fund created and maintained under the Prior Ordinance with respect to the Prior Ordinance shall be transferred to the Renewal and Replacement Fund authorized under this Ordinance.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Series 2001 A Bonds. For the purpose of refunding all of the outstanding 1982 Series A Bonds, there shall be issued the Sewerage System Refunding Revenue Bonds, Series 2001 A of the Town. The Series 2001 A Bonds shall be in such aggregate principal amount, not to exceed $350,000.00; shall be dated such date; shall be interest payable monthly at such dates and at such rate or rates not exceeding the rate permitted by the Act; shall mature at such time or times, not exceeding forty (40) years after the date of issuance; and shall contain such other terms, provisions, conditions and limitations, all a provided by this Ordinance and as the Town Council shall prescribe by Supplemental Resolution adopted in connection with the sale of such Series 2001 A Bonds.

The Bonds shall be payable as to principal at the office of the Paying Agent in any coin or currency which on the respective date of payment of principal and interest, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address that appears on the books of the Registrar.

The Series 2001 A Bonds shall, at the option of the Town, be redeemable in whole or in Part, at the times, in the manner, and upon payment of the redemption prices, as provided in the Supplemental Resolutions.

The Series 2001 A Bonds shall be sold as soon as practical and in the best interests of the Town, as may be authorized and permitted by applicable law, and delivered to the Original purchaser thereof; provided, that such Original Purchaser and the Town shall have agreed to the terms of the purchase thereof

Section 3.02 Execution of Bonds. Bonds shall be executed in the name of the Town by the manual or facsimile of the Mayor, and the seal of the Town shall be affixed thereto or imprinted thereon and attested by the manual or facsimile of the Town Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Town 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 Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, 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 Section 3.07, shall have been 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 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, 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, 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 holder for value.

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

The Bonds shall be transferable only upon the Bond Register by the Registered Owner thereof in person or by its attorney or legal representative 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 such duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring the Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfer 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 said Registrar incurred in connection therewith, which changes and expenses shall be paid by the Registered Owner requesting such transfer or exchange. The Registrar shall not be obligated to make any such change or transfer of Bonds during the period beginning with the Record Date and ending on the date or, in a case of any partial redemption of Bonds during the fifteen days next preceding the date of the selection of Bonds to be redeemed.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bonds shall become mutilated or be destroyed, stolen or lost, the Town may in its discretion issue and deliver a new Bond in exchange and substitution for such Bonds so mutilated, destroyed, stolen or lost, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond, if any, destroyed, stolen or lost, and upon the holder's furnishing the Town proof of his or her ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the Town. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be 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 Town, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, 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 Secured by Pledge of Revenues: Not to be Indebtedness of the Town. The payment of the debt service of all of the Series 2001 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the 1982 Series B Bonds and the 1999 Series Bonds. Such Net Revenues, in the amount sufficient to pay the principal of and interest on the 1982 Series B Bonds and the Series 2001 A Bonds and to make the payments required into the respective Sinking Funds and, if required, the Reserve Accounts therefor, and, if required, the Renewal and Replacement Fund as established in the Prior Ordinance or hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the 1982 Series B Bonds, the 1999 Series Bonds and the Series 2001 A Bonds as the same become due. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from Net Revenues and otherwise as provided herein. No Registered Owner or

Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or the interest thereon.

Section 3.07. Notice of Redemption.

(a) The Registrar or the Board Commission or the Town shall cause notice of any redemption of Bonds to be mailed by first class mail to the Owners of all Bonds to be redeemed at the addresses thereof appearing in the Registration Books. Each such notice shall (i) be mailed not more than 60 days nor less than 30 days Prior to the redemption date, (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the Redemption price, and (iv) state that on the redemption date the Bonds called for redemption win be payable at the principal corporate trust office of the Paying Agent, that from that date the Bonds called for redemption will be deemed to be paid, and interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for any other Bonds for which notice was properly given.

(b) If at the time of mailing of any notice of redemption the Town shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is subject to the deposit of such moneys with the Paying Agent not later than the opening of business on the redemption date and shall be of no effect unless such moneys are so deposited. If such moneys are not deposited by such date and time, the Registrar promptly shall notify the Owners of all Bonds called for redemption of such fact.

(c) Notwithstanding any other provisions herein to the contrary, the Registrar shall cause copies of any notices delivered pursuant to this Section 3.08 to be delivered to such other organizations or entities to which like notices are then delivered in accordance with industry standards.

Section 3.09 Form of Bonds. The text of the Bonds, and the form of the Certificate of Authentication and Registration thereon, shall be of substantially the following tenor, 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.

No. R-___ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WIRT
THE TOWN OF ELIZABETH
SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 2001 A

INTEREST RATE BOND DATE MATURITY DATE
CUSIP

REGISTERED OWNER:

[TAX IDENTIFICATION NUMBER]

PRINCIPAL AMOUNT: $_____

KNOW ALL MEN BY THESE PRESENTS: That THE Town of Elizabeth, a municipal corporation organized and existing under the laws of the State of West Virginia (hereinafter referred to as the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above monthly, on the tenth day of each month commencing on October 10, 2001, and the tenth day in each month thereafter, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Wesbanco Bank, Inc., West Virginia, as registrar (the "Registrar") on the 1st day of the month preceding an Interest Payment Date (the "Record Date").

The Bonds may be prepaid in whole or in part at anytime.

The Bonds are payable only from and are secured by a shared first lien, on a parity with the holders of the 1982 Series B Bonds and the 1999 Series Bonds (all as defined in the ordinance authorizing this Bond), on the Net Revenues to be derived from the operation of the sewerage system of the Town (the "System"), which is under the supervision and control of the Sanitary Board of the Town, and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness

of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the revenues from the operation of the System or said reserve account. By the Ordinance, the Town has covenanted and agreed to fix, establish and collect just ad equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation 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 the Bonds and all bonds prior to or on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. The Town has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders 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, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

Subject to registration requirements, 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 moneys received from the sale of the Bonds shall be applied solely to refund the 1982 Series A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said 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 said Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds.

All provisions of the Ordinance 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.

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

IN WITNESS WHEREOF, the Town has caused this Bond to be signed by its Mayor, attested by its Town Recorder and its corporate seal to be imprinted hereon, all as of the Bond Date.

THE TOWN OF ELIZABETH, WEST VIRGINIA

_____

Mayor

[SEAL]

ATTEST:

_____

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Town of Elizabeth Sewerage System Refunding Revenue Bonds, Series 2001 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date:_____

_____
as Registrar

By_____
Its Authorized Officer

[Form of Assignment]

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

Dated:_____, _____.

_____

In the presence of:

_____

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Application of System Revenues. So long as any of the Bonds shall be outstanding and unpaid, the Town covenants with the holders of the Bonds as follows:

A. The entire Revenues derived from the operation of the System and all parts thereof shall be deposited by the Town in a special fund in the Depository Bank, which fund, to be designated the "Sewer System Revenue Fund" (the "Revenue Fund"), is hereby established. 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 Town and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Town shall first each month, from the moneys in the Revenue Fund, pay all reasonable Operating Expenses of the System.

(2) Thereafter, from the moneys in the Revenue Fund, the Town shall, on the last business day of each month, commencing with the month of September, 2001, and set apart out of the Revenue Fund and simultaneously remit to the Commission, (i) for deposit in the 1982 Series B Bonds Sinking Fund and the1999 Series Bonds Sinking Fund, the amounts required to pay the principal of such Bonds, and (ii) for deposit in a fund to be known as the "Sinking Fund," which is hereby created and established, a sum equal to the amount of interest and principal which will become due on the Bonds on the next ensuing principal and interest payment date.

The Town shall also, from the Revenue Fund, remit to the Commission on such dates or at such other times, as the Commission shall require, remit such additional sums as shall be necessary to pay the fiscal agency charges due for paying the 2001 Series A Bonds and the interest thereon.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the 2001 Series A Bonds as the same shall become due.

The Town shall not be required to make any further payments into the 2001 Series A Bonds Sinking Fund on account of the Series 2001 A Bonds when the aggregate amount of funds in the 2001 Series A Bonds Sinking Fund, including the Reserve Account therein, is 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 on said Bonds then outstanding.

As and when additional Bonds ranking on a parity with the Series 2001 A Bonds herein authorized are issued, provision shall be made for additional payments into said Sinking Fund sufficient to pay the principal of and interest on such additional parity Bonds and accomplish retirement thereof at or before maturity.

The payments into the Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(4) Then from the moneys remaining in the Revenue Fund, the Town shall next, each month (i) remit to the commission for deposit in the 1999 Series Bond Reserve Account the amount required to be deposited therein; and (ii) pay into the 2001 Series A Bonds Reserve Account, if a reserve account has been required by the Original Purchaser, an amount necessary to make up any deficiency in the 2001 Series A Bonds Reserve Account Requirement, resulting from (a) the valuation of investments in the 2001 Series A Bonds Reserve Account which results in a determination that the amount of moneys and the Value of the Qualified Investments deposited to the credit of the 2001 Series A Bonds Reserve Account is less than the 2001 Series A Bonds Reserve Account Requirement, or (b) withdrawals from the 2001 Series A Bonds Reserve Account, for deposit into the Sinking Fund, beginning with the first full calendar month following the event described in either clause (a) or (b) above. Provided, that in no event shall the amount deposited into the 2001 Series A Bonds Reserve Account in any month be less than, in the event the deficiency in the 2001 Series A Bonds Reserve Account Requirement is due to a decrease in the value of the Qualified Investments therein in excess of 10% of such amount, an amount equal to 1/4th of the amount of such deficiency, and otherwise, an amount equal to 1/12th of the amount of the deficiency in the 2001 Series A Bonds Reserve Account determined as set forth in clause (b) above and the amount then withdrawn from the 2001 Series A Bonds Reserve Account, as described in clause (b) above (it being understood that any such 1/12th payment shall be made in such amount for 12 consecutive months unless the amount in the 2001 Series A Bonds Reserve Account shall have been made equal to the 2001 Series A Bonds Reserve Account Requirement prior to such twelfth consecutive month); and provided further, that no payments shall be required to be made into the 2001 Series A Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the 2001 Series A Bonds Reserve Account Requirement.

(5) Thereafter, from the moneys remaining in said Revenue Fund, the Town shall next, on the first day of each month commencing with the first month in which interest shall be payable from the Revenue Fund, remit to the Depository Bank or the Commission for deposit in a special depreciation account, if a depreciation account has been required by the Original Purchase, to be designated the "Renewal and Replacement Fund," which account is hereby established and created, a sum equal to two and one-half percent (2 1/2%) of the Revenues each month, exclusive of any payments for the account of the 2001 Series A Bonds Reserve Account in the Sinking Fund. All funds in said Renewal and Replacement Fund shall be kept apart from all other municipal funds and shall be invested and reinvested, at the direction of the Town, in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance and the need for such moneys for the purposes set forth below. So long as the Town is making payment into any renewal and replacement fund, depreciation fund or similar fund created with respect to the 1982 Series B Bonds and the 1999 Series Bonds, payments into the Renewal and Replacement Fund described above shall not be required.

Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, enlargements, emergency repairs, improvements and extensions to the System; provided, that any deficiency occurring in the Reserve Accounts shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(6) Whenever all of the required and provided transfers and payments from said Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid for operating expenses and into the respective Sinking Funds and the Renewal and Replacement Fund during the next succeeding three (3) months, such excess shall be considered as surplus Revenues. Said surplus revenues shall be first used for the acquisition and construction of extensions, improvements and betterments to the System, and, thereafter, to the extent not needed for such purposes, may be used to purchase Bonds upon the open market at not exceeding the then applicable redemption price or to call and redeem the Bonds on the next succeeding interest payment date or for any lawful purpose of the System.

(7) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made UP on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

B. The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund created hereunder, and all amounts required for said Sinking Fund shall be remitted to the Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, as provided in Article V hereof, by the Town at the times provided herein. All remittances made by the Town to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

C. The moneys on deposit in the Revenue Fund and the Renewal and Replacement Fund (unless remitted to the Commission) in excess of the sum insured by the maximum amounts insured by the FDIC shall at all times be secured, to the full extent thereof in excess of such insured sum, by Government Obligations or such other obligations as shall be eligible as security for deposits of State and municipal funds under the laws of the State of West Virginia.

D. The Commission shall invest the funds, if any, which it holds pursuant to this Ordinance, including the 2001 Series A Bonds Reserve Account in the Sinking Fund and the Renewal and Replacement Fund, to the fullest possible extent so that all moneys shall be invested for the maximum possible period consistent with the tenor hereof.

E. Anything to the contrary herein notwithstanding, when the aggregate sum in the Sinking Fund, including the 2001 Series A Bonds Reserve Account therein, is sufficient to pay and redeem all the Bonds Outstanding and all interest accrued and to accrue thereon and any applicable redemption premiums, the Town shall cause all the Bonds to be paid or called and redeemed at the earliest practicable date permitted, pursuant to the provisions hereof as to redemption of Bonds.

ARTICLE V

APPLICATION OF SERIES 2001 A BOND PROCEEDS

Section 5.01. Application of the Series 2001 A Bond Proceeds; Other Funds of the Town. The amount of the Series 2001 A Bond proceeds necessary, together with such funds of the Town as are made needed and available by the defeasance of the Series 1982 A Bonds, to refund the Series 1982 A Bonds, which amount shall be set forth in the Supplemental Resolution, shall be deposited by the Town with the Commission on or before September 14, 2001.

ARTICLE VI

ADDITIONAL COVENANTS OF THE TOWN

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

Section 6.02. Bonds Not To Be Indebtedness of the Town. The Bonds shall not constitute an indebtedness of the Town within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the revenues of the System, or from the Reserve Account, as herein provided. No holder or holders of any Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town to pay said Bonds or the interest thereon.

Section 6.04. Rates. Prior to the issuance of the Bonds, just and equitable rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and copies of such rates and charges so fixed and established shall at all times be kept on file in the office of the Sanitary Board and in the office of the Town Clerk, each of which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce gross revenues from said System sufficient to pay operating expenses and to make the prescribed payments into the funds and accounts created 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. 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 Town 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, including, without limitation, and the 1982 Series B and 1999 Series 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. 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. Operation and Maintenance. The Town will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. The System may be sold, mortgaged, leased, or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Sinking Fund, and the Town shall direct the Commission to apply such proceeds to the payment of principal and interest at the maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town 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 is not in excess of ten thousand dollars ($10,000), the Sanitary Board shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Town Council 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 shall be in excess of ten thousand dollars ($10,000) but not in excess of one hundred thousand dollars ($100,000), the Sanitary Board shall first, in writing, determine with the written approval of a consulting engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Town Council may then, if it be so advised, by resolution duty adopted, approve and concur in such finding and 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, in excess of ten thousand dollars ($10,000) and not in excess of one hundred thousand dollars ($100,000), shall be remitted by the Town to the Commission for deposit in the Sinking Fund and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the

Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of one hundred thousand dollars ($100,000) and insufficient to pay or redeem prior to maturity all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of Bonds then Outstanding. The Town shall prepare the form of such approval and consent for execution by the then Holders of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations payable out of Revenue and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 6.08 hereof, 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; and all obligations hereafter issued by the Town payable from the Revenues of the System, except such additional 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 and in all other respects to the Bonds.

The Town shall not create, or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said pari passu additional Bonds, 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 6.08. 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.

All parity bonds issued hereunder shall be on a parity with the 1982 Series B Bonds, 1999 Series Bond and the 2001 Series A Bonds.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of extensions, improvements and betterments to the System or refunding the entirety of 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 and until there has been procured and filed with the Town Clerk a written statement by Independent Accountants, based upon the necessary investigation and certification by a consulting engineer, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided, 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 fifteen percent (115%) of the maximum annual amount which will mature and become due for principal of and interest in any succeeding year on the following:

(1) The 1982 Series B Bonds then Outstanding;

(2) The 1999 Series Bonds then Outstanding;

(3) The Series 2001 A Bonds then Outstanding;

(4) Any additional parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(5) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years", as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Town, the time for appeal of which shall have 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 a consulting engineer, which shall be filed in the office of the Town Clerk prior to the issuance of such additional parity Bonds, adjusted as provided in the following paragraph.

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 a consulting engineer and the Independent Accountants as stated in a certificate jointly made and signed by a consulting engineer and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the time for appeal of which shall have expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which 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 1999 Series Bonds and the Series 2001 A 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 1999 Series Bonds and the Series 2001 A 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 Town shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

The term "additional parity Bonds," as used in this Section, shall not be deemed to include any 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 Town shall not issue any obligations whatsoever payable from the Revenues of the System, or any part thereof, which rank prior to or equally, as to lien and source of and security for payment from such Revenues, with the Bonds except in the manner and under the conditions provided in this Section.

No additional parity Bonds, as in this Section defined, shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of 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.

The Town may issue additional parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any series of the Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds to be refunded were not so refunded.

Section 6.09. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazard and risks. The Town will require that each of its contractors and all subcontractors maintain, during the life of any construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in this Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund- The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System.

Section 6.10. Mandatory Connections. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 6.11. Consulting Engineer. The Town will retain a recognized, qualified independent consulting engineer on a biannual basis to supervise generally the operation, maintenance and repair of the System and to report biannually to the Town in writing their recommendations and comments as to the System. Such biannual report of a consulting engineer, or a summary thereof, shall be made available at reasonable times to any Bondholder requesting the same.

Section 6.12. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and, in the event the Town or any department, agency, instrumentality, officer or employee of the Town shall avail itself or himself or herself 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 Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.13. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, 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, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. To the extent permitted by law, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services or facilities of the System, or a Part thereof, shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Town further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations Promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the sewerage services and facilities of the System and in the event the Town owns a water facility (the "Water System"), the Water System to all delinquent users of the services and facilities of the System, and will not restore either water or sewerage services of the System or the Water System until all delinquent charges for the service and facilities of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 6.14. No Competing Franchise. To the extent allowed by law, the Town will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.15. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Town, in which complete and correct- entries shall be made of all transactions relating to the System, and any holder of a Bond or Bonds 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 Town relating thereto.

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books, and along with other bookkeeping records as prescribed by the Town. The Town 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 Town shall be reported to the Town.

The Town shall file with a consulting engineer and the Original Purchaser within 120 days following the end of each Fiscal Year, and shall mail in each year to any Bondholder requesting the same, an annual report containing the following:

A. A statement of Revenues and Operating Expenses from 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.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Bondholder, and shall file said report with the Original Purchaser.

Section 6.16. Initial Schedule of Rates. The rates, fees and other charges for the use of the services and facilities of the System established under an ordinance of the Town enacted on or before the date of the adoption or enactment of a resolution or ordinance adopted or enacted in connection with the sale of the Series 2001 A Bonds as provided herein shall constitute the initial schedule of rates for the System for purposes of this Ordinance.

Section 6.17. Operating Budget. The Sanitary Board 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 revenues and 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 a consulting 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 Sanitary Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of a consulting engineer that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder who shall file his or her address with the Town and request in writing that copies of any such budgets and resolutions be furnished him or. her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Bondholder or anyone acting for and in behalf of such Bondholder.

Section 6.18. Existence of Sanitary Board. The management, operation and control of the System will be vested in the Sanitary Board, or some other separate successor agency of the Town, during the period in which any Bonds issued hereunder are Outstanding.

Section 6.19. Public Purpose Bonds. The System will be solely operated for a public purpose and as a local governmental activity of the Town.

Section 6.20. Private Activity Bonds. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town 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 Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 6.21. Filings. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 6.22. Right to Amend. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolutions of this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including but not limited to amendments, insertions or deletions to comply with the Code. Notwithstanding the provisions of Section 9.01 hereof, the Town through Town Council shall without consent of the Registered Owners of the Bonds amend or supplement this Ordinance by resolutions supplemental hereto or any amendatory ordinance to comply with the Code if such amendment or supplement is necessary to preserve the tax exempt status of the Bonds. In making their determination to amend or supplement this Ordinance, the Town Council may rely on the opinion of a nationally recognized bond counsel.

The Town also retains the right to make any amendments, insertions or deletions by Supplemental Resolution of this Ordinance as the Town deems necessary prior to the issuance of the Bonds to meet the requirements of the Original Purchaser.

Section 6.23. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Town, the Paying Agent and the Registered Owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town, the Paying Agent and the Registered Owners of the Bonds.

Section 6.24. Designation of Bank Eligibility. The Series 2001 A Bonds are hereby designated as a "qualified tax-exempt obligations" for the purposes of Section 265(b) of the Internal Revenue Code of August, as amended. The Town hereby represents that it and all subordinate entities do not reasonably anticipate to issue, during the calendar year 2001, qualified tax-exempt obligations in excess of $10,000,000.

Section 6.25. Disclosures. The Town shall provide its internally generated financial statement for the operation of the Sewer System to the Holders of the Series 2001 A Bonds within the ninety (90) days of the end of the Town's fiscal Year. A copy of the Town's audited financial statement shall be provided promptly upon receipt.

Termination of Reporting Obligation. The Town's obligations under the continuing disclosure requirements of this Section 6.25 shall terminate upon (a) the legal defeasance, prior redemption or payment in full of all of the Bonds or (b) the assumption by a successor obligated person of all of the obligations of the prior obligated person both hereunder and under the Bonds.

Amendments. Notwithstanding any other provision of this Ordinance, the Town may modify or amend this Section 6.25 if the following preconditions are satisfied: (a) the amendment is being made in connection with a change of circumstances that arises form a change in legal requirements, change in law, change in the identity, nature or status of the Town; (b) this Ordinance, as amended, would have complied with the requirements of the Rule as of & date of issuance of the relevant Bonds, after taking into account any amendment or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment does not materially adversely affect the interests of Holders of Bonds. A written opinion of Bond Counsel to the effect that these requirements have been satisfied shall conclusively evidence compliance with the above preconditions. The Town shall disclose in the next Annual Report the amendment and its impact on the information being provided.

Defaults. In the event of a failure of the Town to Comply with any provision of this Section 6.25, the Original Purchaser or any Bondholder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the Town to comply with its obligations under this Section 6.25 shall not be deemed an Event of Default, and the sole remedy under this Ordinance in the event of any failure of the Town to comply with this Section 6.25 shall be an action to compel performance, provided, however, that nothing in this Ordinance shall limit any Holder's rights under applicable federal securities law.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Bonds.

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bonds;

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or in the Bonds and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or a Registered Owner of a Bond; or

(C) If the Town files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(D) If default occurs with respect to the 1982 Series B Bonds and the 1999 Series Bonds or the ordinances authorizing such Bonds.

Section 7.02. 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 Town to perform its duties under the Act and this 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 Town 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 provided that, all rights and remedies of the Holders of the Series 2001 A Bonds shall be on a parity with the Holders of the 1982 Series B Bonds and the 1999 Series Bonds.

Upon the occurrence of an Event of Default, the Commission may, and shall, at the direction of 51% of the Bondholders, by written notice to the Town, declare the principal of the Bonds to be immediately due and payable, whereupon that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in this Ordinance or in the Bonds to the contrary notwithstanding.

Section 7.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Town under this 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 and performing any construction necessary for the System. If there be any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the Town of such default, any Registered Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of operating expenses of the System 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 Town exercise all the rights and powers of the Town with respect to said facilities as the Town itself might do.

Whenever all that is due upon the Bonds issued and authorized pursuant to this Ordinance 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 Town upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of Bonds issued pursuant to this Ordinance 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 Town and for the joint protection and benefit of the Town and Registered Owners of Bonds issued pursuant to this Ordinance. 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 Town and Registered Owners, and the

curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Town, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage, or otherwise dispose of any assets of the Systems.

ARTICLE VIII

INVESTMENT OF FUNDS; NON-ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission or the Depository Bank, as the case may be, at the direction of the Town in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section.

Except as otherwise provided, 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 used for the purpose of such fund or account. The interest accruing thereof and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The determination of the Value of the investments shall be made once a month. The Commission 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 Depository Bank shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank 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.

Section 8.02. Arbitrage. The Town covenants that (i) it will restrict the use of the proceeds of the Series 2001 A Bonds in such manner and to such extent as may be necessary, in view of the Town s reasonable expectations at the time of issuance of the Series 2001 A Bonds, so that the Series 2001 A Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2001 A Bonds) so that the interest on the Series 2001 A 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.

ARTICLE IX

MISCELLANEOUS

Section 9.01. Modification or Amendment. 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 Bondholders shall be made without the consent in writing of the holders of two-thirds (2/3) or more in principal amount of the Bonds then outstanding; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the Holder thereof. No amendment or modification shall be made which would reduce the percentage or modification of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 9.02. 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.

Section 9.03. Covenant of Due Procedure. The Town 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 happen, 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 Town Clerk and members of Town Council were at all times when any actions in connection with this Ordinance occurred, and are, duty in office and duly qualified for such office.

Section 9.04. Defeasance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance then the pledge of net revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Town to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

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 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 or redemption thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Town shall have given the Commission, in form satisfactory to it, irrevocable instructions to publish as provided herein notice of redemption of such Bonds on said date, (b) there shall have been deposited with the

Commission 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 at the same or earlier time, shall be sufficient, to pay when due the principal of and redemption premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date of maturity date thereof, as the case may be, and an opinion of nationally recognized bond counsel to the effect that such action will not adversely effect the exclusion of the interest on the Bonds from gross income for federal income tax purposes and a verification from an Independent Accountant of the sufficiency of the amounts described in clause (b) for their intended purpose, and (c) in the event said Bonds are not by their terms subject to redemption, or are otherwise not to be redeemed by the Town, within the next succeeding sixty (60) days, the Town shall have given the Commission in form satisfactory to it irrevocable instructions to publish, as soon as practicable, a notice to the Holders of such Bonds that the deposit required by (b) above has been made with the Commission and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of, interest on, and redemption premium, if applicable, on said Bonds. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission 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 applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this Section, securities shall mean and include only Government Obligations.

Section 9.05. Effective Date. This Ordinance shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

Section 9.06. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Wirt County Journal, which is a qualified newspaper of general education circulation in the Town of Elizabeth, together with a notice stating that this Ordinance has been adopted and that the Town contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract and notice, and present protests, and that a certified cop of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - August 9, 2001

Passed on Second Reading - August 13, 2001

Passed on Final Reading Following Public Hearing - August 29, 2001

Lewis H Full
Mayor

Penny McVay
Town Recorder

CERTIFICATION

The undersigned, _____ for the Town of Elizabeth, West Virginia, does hereby certify that the foregoing is a true and correct copy of the Refunding Bond Ordinance passed on First Reading at a regular meeting of Council on 8-9-01; passed on Second Reading at meeting of Council on 8-13-01; and passed on Final Reading following Public Hearing held on 8-29, 2001.

DATED this 10TH day of SEPT, 2001.

Penny McVay

STATE OF WEST VIRGINIA
COUNTY OF WIRT, TO-WIT:

Taken, subscribed, and sworn to before me, the undersigned Notary Public, within and for the County and State aforesaid on this 10TH day of SEPTEMBER, 2001.

My Commission as Notary Public will expire on the 11TH day of Dec 2001.

[SEAL]

Edward D. Dewitt
NOTARY PUBLIC

Closing Item No. B-3

TOWN OF ELIZABETH
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO THE PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE TOWN OF ELIZABETH SEWER REFUNDING REVENUE BONDS, SERIES 2001 A; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO WESBANCO BANK INC.; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; APPROVING THE PREPAYMENT AGREEMENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Common Council (the "Governing Body") of Town of Elizabeth (the "Issuer") has duly and officially adopted a Bond Ordinance on August 29, 2001 (the "Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $350,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ELIZABETH SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ELIZABETH DESIGNATED AS TOWN OF ELIZABETH SEWER SYSTEM REVENUE BOND, SERIES 1982 A; AUTHORIZING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ELIZABETH; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ELIZABETH IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $350,000.00, WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ELIZABETH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND

REMEDIES OF AND SECURITY FOR THE HOLDERS 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 refunding of the Issuer's Sewer Revenue Bonds, Series 1982 A, dated September 13, 1982 (the "Series 1982 A Bonds"), and the issuance of the Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, in an aggregate principal amount not to exceed $350,000 (the "Series 2001 A Bonds" or the "Bonds"), for the purposes of paying a portion of the costs of such refunding, funding a reserve account for the Series 2001 A Bonds and paying the costs of issuance thereof, all in accordance with Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"); and in the Ordinance it is provided that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds should be established by a supplemental resolution, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by Wesbanco Bank Inc., Elizabeth, West Virginia, pursuant to a commitment letter dated August 23, 2001; and

WHEREAS, the Governing Body deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted, that the Prepayment Agreement be approved, that the exact principal amount, date, maturity date, interest rate, payment schedule, sale price and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

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 Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, originally represented by a single bond, numbered AR-1, in the original principal amount of $297,387. The Bonds shall be dated the date of delivery, shall finally mature May 10, 2017, and shall bear interest at the rate of 5.8% per annum. Interest shall be calculated using an actual days/365-day year. The

principal of and interest on the Bonds shall be payable on the 10th day of each month, commencing October 10, 2001, in the amounts set forth in the "Debt Service Schedule" incorporated in and made a part of the Bonds. If any payment is made more than 10 days after the due date, the Issuer shall pay a late charge equal to 5% of the principal and interest then due, with a minimum of $25 and a maximum of $250. The Bonds shall be subject to prepayment without penalty in whole or in part at any time upon the payment of the outstanding principal and the interest accrued to the prepayment date.

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

Section 3. The Issuer hereby approves and accepts the Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission (the "Commission"), the paying agent for the Series 1982 A Bonds, to be dated as of the date of delivery of the Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor thereof shall be and the same are hereby authorized, approved and directed.

Section 4. The Issuer hereby appoints and designates Wesbanco Bank, Inc., Elizabeth, West Virginia, to serve as Registrar (the "Registrar") and Paying Agent (the"Paying Agent") for the Bonds under the Ordinance and approves and accepts the Registrar and Paying Agent Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar and Paying Agent, and the execution and delivery of the Registrar and Paying Agent Agreement by the Chairperson, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved.

Section 5. The Issuer hereby reappoints and designates Wesbanco Bank Inc., Elizabeth, West Virginia, to serve as Depository Bank under the Resolution.

Section 6. The Issuer hereby approves and accepts the offer of Wesbanco Bank Inc., Elizabeth, West Virginia (the "Original Purchaser"), to purchase the Bonds at a purchase price of $297,387 (100% of par value), there being no interest accrued thereon. The Original Purchaser shall deduct its 1% origination fee ($2973) from the proceeds of the Bonds prior to disbursement.

Section 7. The proceeds of the Bonds in the amount of $263,485 shall be deposited with the Commission, together with other moneys of the Issuer in the Series 1982 A Bonds Sinking Fund, the Series 1982 A Bonds Reserve Account, to accomplish the prepayment and refunding of the Series 1982 A Bonds.

Section 8. The amount of $2,410.74 shall be deposited with the Commission in the Series 2001A Bonds Reserve Account at Closing and thereafter the Issuer shall annually (September 10 of each year) deposit the sum of $2,410.74 until the maximum annual debt service amount is contained in the Series 2001A Bonds Reserve Account.

Section 9. The remaining proceeds of the Bonds in the amount of $33,902.00 shall be deposited with the Paying Agent in the Costs of Issuance and Capital Improvement Fund for payment of the costs of issuance of the Bonds, and capital improvements of the System. All such costs of issuance shall be paid upon delivery of the Bonds. The remaining proceeds of the Bonds, including any moneys released by the Commission, shall be applied solely to capital improvements of the System and shall be fully expended within one year from the date of delivery of the Bonds.

Section 10. The Issuer hereby approves the costs of issuance and authorizes 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 Bonds hereby and by the Ordinance approved and provided for, to the end that the Bonds may be delivered to the Original Purchaser on or about September 13, 2001.

Section 12. The prepayment and refunding of the Series 1982 A Bonds and the financing thereof in part with proceeds of the Bonds will result in present value debt service savings and other benefits for the Issuer, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1982, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Regulations to be promulgated thereunder.

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

Adopted this 10th day of September, 2001.

Mayor

Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Common Council of the Town of Elizabeth, West Virginia, on the 10th day of September, 2001.

Dated this 13th day of September, 2001.

[SEAL]

Recorder

TOWN OF ELIZABETH
NOTICE TO RESIDENTS

PUBLIC HEARING ON COMBINED
SEWERAGE SYSTEM REFUNDING REVENUE BONDS;
SERIES 2000A ORDINANCE

At a meeting of the Council of the Town of Elizabeth held August 13, 2001, the Council adopted an Ordinance authorizing the issuance of Sewerage System Refunding Revenue Bonds, Series 2001A, of the Town in an amount not to exceed $350,000.00, the proceeds of which bonds, together with other funds of the Town, are contemplated to be used to refund the Town's outstanding Sewerage System Refunding Revenue Bonds, Series 1982A, heretofore issued in order to achieve present value debt service savings and to realize additional borrowing capacity.

The title of said Bond Ordinance is as follows:

TOWN OF ELIZABETH

REFUNDING BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT MORE THAN $350,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF TOWN OF ELIZABETH SEWER SYSTEM REVENUE REFUNDING BONDS, SERIES 2001 A, FOR THE PURPOSE OF DEFEASING CERTAIN OUTSTANDING OBLIGATIONS OF THE TOWN OF ELIZABETH DESIGNATED AS TOWN OF ELIZABETH SEWER SYSTEM REVENUE BOND, SERIES 1982 A; AUTHORIZING THE DEFEASANCE OF CERTAIN OUTSTANDING SEWER SYSTEM REVENUE BONDS OF THE TOWN OF ELIZABETH; AUTHORIZING THE ISSUANCE OF A SERIES OF SEWER SYSTEM REVENUE BONDS OF SAID TOWN OF ELIZABETH IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $350,000.00, WHICH, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN OF ELIZABETH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSE, TO MAKE PROVISION FOR SUCH REFUNDING; AUTHORIZING AN ESCROW AGREEMENT IN CONNECTION WITH THE DEFEASANCE OF SAID REVENUE BONDS; FUND A RESERVE ACCOUNT FOR THE REFUNDING BONDS AND PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

The entire amount of the principal of and interest on the proposal bonds will be paid solely and only from the revenues received from operation of the sewerage system of the Town.

The Council of the Town of Elizabeth has determined that this Notice contains sufficient information as to give notice of the contents of the Ordinance.

A certified copy on the Ordinance is available for examination by any interested person at the office of the Town Clerk during regular business hours of such office.

The Town of Elizabeth contemplates issuance of the Bonds described in the Ordinance. A public hearing will be held before the Council at the Elizabeth Town Hall on August 29, 2001, at 7:00 p.m., and any person or persons interested may appear before Council and present protests. At such hearing, all suggestions and objections will be heard by the Council, and Council will take such action as it may deem proper in the premises

Dated this 14th day of August, 2001.

/s/_____
RECORDER/TOWN CLERK

GBB.GBB.0083771

No. AR-1 $297,387.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WIRT
THE TOWN OF ELIZABETH
SEWER SYSTEM
REFUNDING REVENUE BOND
SERIES 2001 A

INTEREST RATE	BOND DATE	MATURITY DATE
5.80%	September 13, 2001	SPECIMEN

REGISTERED OWNER: WESBANCO BANK, INC.

PRINCIPAL AMOUNT: $297,387.00

KNOW ALL MEN BY THESE PRESENTS: That THE Town of Elizabeth, a municipal corporation organized and existing under the laws of the State of West Virginia (hereinafter referred to as the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner set forth above, on the Maturity Date set forth above, the Principal Amount set forth above and solely from such special funds also to pay interest on said sum from the Bond Date, set forth above, at the Interest Rate set forth above monthly, on the tenth day of each month commencing on October 10, 2001, and the tenth day in each month thereafter, both principal of and interest on this Bond being payable in any coin or currency which, on the respective dates of payment of principal and interest, is legal tender for the payment of public and private debts under the laws of the United States of America. The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of Wesbanco Bank, Inc., West Virginia, as registrar (the "Registrar") on the 10th day of the month preceding an Interest Payment Date (the "Record Date").

The Bonds may be prepaid in whole or in part at anytime. SPECIMEN

The Bonds are payable only from and are secured by a shared first lien, on a parity with the holders of the 1982 Series B Bonds and the 1999 Series Bonds, on the revenues to be derived from the operation of the sewerage system of the Town (the "System"), which is under the Supervision and control of the Sanitary Board of the Town, and the sinking fund held by the West Virginia Municipal Bond Commission, including the reserve account therein. Said revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Town within any constitutional or statutory provision or limitation, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the

revenues from the operation of the System or said reserve account. By the Ordinance, the Town has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System so as to always provide revenues at least sufficient to provide for all reasonable expenses of repair, maintenance and operation 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 the Bonds and all bonds prior to or on a parity therewith for the payment of which such revenues have or shall have been pledged, charged or otherwise encumbered. The Town has entered into certain further covenants with the holders of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the holders 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, only upon the books of the Registrar which shall be kept for that purpose at the office of the Registrar, by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its duly authorized attorney or legal representative duly authorized in writing.

SPECIMEN

Subject to registration requirements, 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 moneys received from the sale of the Bonds shall be applied solely to refund the 1982 Series A Bonds, and to pay other costs in connection therewith, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the holder or holders of said 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 said Town, 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 said Town for the prompt payment of the principal of and interest on the Bonds.

All provisions of the Ordinance 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.

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

IN WITNESS WHEREOF, the Town has caused this Bond to be signed by its Mayor, attested by its Town Recorder and its corporate seal to be imprinted hereon, all as of the Bond Date.

THE TOWN OF ELIZABETH, WEST VIRGINIA

SPECIMEN

_____

Mayor

[SEAL]

ATTEST:

SPECIMEN

_____

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Town of Elizabeth Sewerage System Refunding Revenue Bonds, Series 2001 A described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner set forth above on the date set forth below.

Date:_____

WESBANCO BANK, INC.

as Registrar

By SPECIMEN

Its Authorized Officer

[Form of Assignment]

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

_____

_____

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

Dated:_____, _____.

SPECIMEN

In the presence of:

_____

State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

TOWN OF ELIZABETH
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

CONSENT

In reliance upon the defeasance opinion and the certificate of the certified public accountant of the Issuer of even date hereof, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to (1) the issuance of the Sewer Refunding Revenue Bonds, Series 2001 A (the "Bonds"), in the original aggregate principal amount of $297,387, by Town of Elizabeth (the "Issuer"), under the terms of the ordinance authorizing the Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1982 A, Subordinate Sewer Revenue Bonds, Series 1982, and Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (collectively, the "Prior Bonds") and (2) the prepayment of the Issuer's Sewer Revenue Bonds, Series 1982.

WITNESS my signature on this 13th day of September, 2001.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

Closing Item No. C-1

TOWN OF ELIZABETH
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

GENERAL CERTIFICATE ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, DELIVERY AND PAYMENT
6. PETITION
7. RATES
8. INCUMBENCY AND OFFICIAL NAME
9. PREPAYMENT OF SERIES 1982 A BONDS
10. MEETINGS
11. SPECIMEN BOND
12. CONFLICTS OF INTEREST
13. IRS INFORMATION RETURN
14. RELIANCE
15. CERTIFICATIONS WITH RESPECT TO THE ORIGINAL PURCHASER
16. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the Town of Elizabeth (the "Issuer") and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the Town of Elizabeth Refunding Revenue Bonds, Series 2001 A, numbered AR-1, dated the date hereof, in the principal amount of $297,387 (the "Bonds" or the "Series 2001 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning set forth in the Bond Ordinance duly adopted by the Issuer on August 29, 2001, and the Supplemental Ordinance duly adopted by the Issuer on September 10, 2001 (collectively, the "Ordinance").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance, sale and delivery of the Bonds, the prepayment and refunding of the Series 1982 A Bonds, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof; nor questioning the existence of the Issuer or the title of the members or officers of the Issuer or the Board

thereof to their respective offices; nor questioning any proceedings of the Issuer taken with respect to the issuance, sale or delivery of the Bonds, the prepayment and refunding of the Series 1982 A Bonds, the collection or use of the revenues of the System, or the pledge and security of the Net Revenues for the Bonds.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer as of the date hereof.

The Series 2001 A Bonds shall be issued on a parity with the Prior Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the parity and coverage requirements of the Prior Bonds and the resolutions authorizing the Prior Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature. The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the parity and coverage tests of the Prior Bonds have been met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2001 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

5. SIGNATURES, DELIVERY AND PAYMENT: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and acting officers of the Issuer as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the Issuer. On the date hereof, the undersigned Mayor did officially sign all of the Bonds, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature; the undersigned Recorder did officially cause the seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature; and the Registrar did officially authenticate and deliver the Bonds to a representative of the Original Purchaser of the Bonds. At the time of delivery of the Bonds, $297,387, the agreed purchase price of the Bonds, was paid to the Issuer (or others, on behalf of the Issuer) by the Original Purchaser.

6. PETITION: The Common Council of the Issuer has received from the Sanitary board of the Town of Elizabeth a Petition in conformity with the requirements of Chapter 16, Article 13 of the West Virginia Code and same was accepted by the Common Council of the Issuer.

7. RATES: The rates for the System are in full force and effect.

8. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Town of Elizabeth", and it is a public service district organized and existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia in Wirt County of said State. The governing body of the Issuer is its Board, consisting of three members, whose names and dates of termination of their current terms are as follows:

Name	Title	Date Of Termination Of Office
Lewis Full	Mayor	April 2002
Kenneth Sternpowski	Council Member	April 2004
James Cumberledge	Council Member	April 2004
Carl George	Council Member	April 2004
Anna Haney	Council Member	April 2002
Edith Cumberledge	Council Member	April 2002
Dennie Gage	Council Member	April 2002

The duly elected or appointed officers of the Issuer for 2001 are as follows:

Penny McVay Recorder

The duly appointed and acting attorney for the Issuer is Leslie L. Maze Toman, Elizabeth, West Virginia.

9. PREPAYMENT OF SERIES 1982 A BONDS: The funds on deposit with the Commission pursuant to the Prepayment Agreement by and between the Issuer and the Commission, the paying agent of the Series 1982 A Bonds, dated as of the date hereof, are sufficient to fully pay the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1982 A Bonds on October 1, 2001, the Redemption Date. As of the date of hereof, the Series 1982 A Bonds have been prepaid and refunded and the liens and pledges securing the Series 1982 A Bonds have been discharged and defeased.

10. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Issuer in any way

connected with the issuance of the Bonds and the refunding of the Series 1982 A Bonds were authorized or adopted at meetings of the Board duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of the Board, and a quorum of duly appointed, qualified and acting members of the Common Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

11. SPECIMEN BOND: Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, is identical in all respects with such Bond this day delivered to the Purchaser and being substantially in the form prescribed in the Ordinance.

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

13. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner. The information set forth in such Form 8038-G is true, correct and complete in all respects.

14. RELIANCE: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Bowles Rice McDavid Graff & Love PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that in rendering said opinions, said firm is relying, among other things, upon the statements made herein.

15. CERTIFICATIONS WITH RESPECT TO THE ORIGINAL PURCHASER:

The Issuer hereby represents and warrants that (i) all taxes, if any, are current; (ii) except as otherwise disclosed, there is not pending litigation in which the Issuer is named as a defendant; and (iii) all financial information is true, correct and accurate, including the financial position of the Issuer and the results of the operations for the periods covered thereby. None of the information disclosed by the Issuer in connection with the loan contains any untrue statement of facts or omits to state any fact necessary in order to have made the statement therein not misleading.

16. COUNTERPARTS: This Certificate may be executed in counterparts and all counterparts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of Town of Elizabeth on this 10th day of September, 2001.

[SEAL]

Signature	Official Title
Lewis H Fuell	Mayor
Penny McVay	Recorder
_____	Attorney

EXHIBIT A

SPECIMEN BOND

Closing Item No. C-2

TOWN OF ELIZABETH
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the Town of Elizabeth in Wirt County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $297,387 Sewer Refunding Revenue Bonds, Series 2001 A, of the Issuer, dated September 13, 2001 (the "Bonds"), hereby certifies as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1982, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"). I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance duly adopted by the Issuer on August 29, 2001, as supplemented by a Supplemental Resolution dated September 10, 2001(collectively the "Bond Ordinance"), authorizing the Bonds.

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

3. The Issuer has not been notified by the Internal Revenue Service 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 Internal Revenue Service 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 September 13, 2001, the date on which the Bonds are to be physically delivered in exchange for the purchase price of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the Bond Ordinance pursuant to which the Bonds are issued, the Issuer has covenanted that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause the 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. The Issuer has, therefore, covenanted to not intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Sections 103 and 148 of the Code.

6. The Bonds were sold on September 13, 2001, to Wesbanco Bank Inc., Elizabeth, West Virginia (the "Purchaser") for an aggregate purchase price of $297,387 (100% of par value). No accrued interest has been or will be paid on the Bonds.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs necessary to current refund the Issuer's Sewer Revenue Bonds, Series 1982 A (the "Series 1982 A Bonds"); (ii) paying certain costs of issuance of the Bonds and related costs.

8. The Series 1982 A Bonds were issued for the purpose of paying the costs of acquisition and construction of the public sewer facilities of the Issuer.

9. The sources and uses of the proceeds of the Bonds and the moneys in the Series 1982 A Bonds Sinking Fund, the Series 1982 A Bonds Reserve Account and the Series 1982 Sewer Revenue Escrow Account (collectively, "Issuer's Funds") are as follows:

SOURCES

Series 2001 A Bonds Proceeds	$297,387
Issuer's Funds	$ 59,376
Total Sources	$356,763

USES

Prepay Series 1982 A Bonds	$320,450
Fund Series 2001 A Bonds Reserve Account	$ 2,411
Pay Costs of Issuance and Capital Improvements	$ 33,902
Total Uses	$356,763

10. The Issuer has entered into a Prepayment Agreement (the "Prepayment Agreement"), dated September 13, 2001, with the West Virginia Municipal Bond Commission (the "Commission"), the paying agent of the Series 1982 A Bonds. Provision will be made for the payment of the Series 1982 A Bonds by depositing with the Commission, cash in the amount of $320,450, consisting of 1) $263,485 from the proceeds

of the Bonds and 2) $56,965 from the Issuer's Funds, which will provide sufficient funds to pay the Redemption Price of the Series 1982 A Bonds on the Redemption Date.

11. The Series 2001 A Bonds Sinking Fund is created under the Bond Ordinance. Moneys deposited in the Series 2001 A Bonds Sinking Fund 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 the greater of $1/12^{th}$ of annual debt service on the Bonds. The Bonds all bear interest at a fixed interest rate and the average maturity of the Bonds is in excess of 5 years. The Series 2001 A Bonds Sinking Fund is intended primarily to achieve a proper matching of the Issuer's revenues and debt service on the Bonds each year. All moneys held in the Series 2001 A Bonds Sinking Fund will be used to pay debt service on the Bonds. The Series 2001 A Bonds Sinking Fund qualifies as a bona fide debt service fund and moneys in such fund will be invested without restriction as to yield and are not subject to rebate.

12. The Series 2001 A Bonds Reserve Account is created under the Resolution in an amount equal to the maximum amount of principal and interest which will become due on the Bonds (the "Series 2001 A Bonds Reserve Requirement"). The Series 2001 A Bonds Reserve Account is being funded from proceeds of the Bonds in the amount of $2410.74 with annual payments of $2410.74 until such time as the maximum amount of principal and interest aforesaid is in such Series A Bonds Reserve Account. The Series 2001 A Bonds Reserve Requirement is equal to the maximum annual principal and interest requirements of the Bonds, is not in excess of 10% of the stated principal amount of the Bonds and is not in excess of 125% of the average annual principal and interest requirements of the Bonds. The moneys in the Series 2001 A Bonds Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Series 2001 A Bonds Reserve Account will, to the extend the yield thereon exceeds the yield on the Bonds, be subject to rebate.

Other than the Series 2001 A Bonds Sinking Fund, there is no other fund or account of the Issuer which (i) is reasonably expected to be used to pay debt service on the Bonds or which is pledged as collateral to secure repayment of debt service on the Bonds and (ii) for which there is reasonable assurance that amounts therein will be available to pay debt service on the Bonds.

13. The Costs of Issuance and Capital Improvement Fund is created under the Resolution, to be funded from proceeds of the Bonds in the amount of $33,902 and from Issuer's Funds in the amount of $-0-, which will be used to pay costs of issuance of the Bonds and capital improvements of the System. All costs of issuance shall be fully paid within 60 days from the date hereof. The remaining funds shall be applied solely to capital improvements of the System and shall be fully expended within 1 year from the date hereof. Pending such disbursement, such moneys may be invested without restriction as to yield and are not subject to rebate.

14. 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.

15. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds or $5,000,000 have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

17. The Issuer shall use the proceeds of the Bonds solely to prepay and current refund the Series 1982 A Bonds, to fund the Series 2001 A Bonds Reserve Account and to pay the costs of issuance thereof.

18. 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 Regulations promulgated or to be promulgated thereunder in order to assure that the interest on the Bonds is excluded from gross income for federal income tax purposes.

19. 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.

20. The Issuer will rebate to the United States the amount, if any, required by the Code and take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay the required rebate amount and any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes.

21. The Issuer has retained the right to amend the Bond 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 gross income for federal income tax purposes.

22. The Issuer shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

23. 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 has covenanted 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 has covenanted to take such actions, or refrain from taking such actions, as may be necessary to fully comply with Section 148(f) of the Code and the Regulations, regardless of whether such actions may be contrary to any of the provisions of the Resolution authorizing issuance of the Bonds.

The Issuer has further covenanted to calculate, annually, the rebatable arbitrage, determined in accordance with Section 148 (f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in 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 shall be paid from investment earnings on the underlying fund or account established in the Resolution and on which such rebatable arbitrage was earned or from other lawfully available sources. The Issuer has further covenanted to 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 the Regulations. The Issuer shall remit payments to the United States at 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 the 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 Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

24. The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, or payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal of, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or

finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Code.

25. The Bonds are a fixed yield issue. No interest or other amount payable on 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.

26. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bonds determined by assuming the Bonds are retired on the date that when used in computing the yield on the Bonds produces the lowest yield.

27. No portion of the proceeds of the Bonds will be used, directly or indirectly to acquire higher yieldings investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

29. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

30. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

31. On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038-G is true, correct and complete.

32. The Issuer does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently

finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Code.

25. The Bonds are a fixed yield issue. No interest or other amount payable on 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.

26. None of the Bonds has a yield-to-maturity more than one-fourth of one percent higher than the yield on the Bonds determined by assuming the Bonds are retired on the date that when used in computing the yield on the Bonds produces the lowest yield.

27. No portion of the proceeds of the Bonds will be used, directly or indirectly to acquire higher yieldings investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

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

29. The transaction contemplated herein does not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

30. On the basis of the foregoing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

31. On the date hereof, the undersigned Mayor did officially execute a properly completed IRS Form 8038-G in connection with the Bonds and will cause such executed IRS Form 8038-G to be filed in a timely manner pursuant to Section 149(e) of the Code with the applicable Internal Revenue Service Center. The information contained in such executed Form 8038-G is true, correct and complete.

32. The Issuer does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and bonds issued to currently

refund any obligation of the Issuer) during the calender year 2001 and hereby and in the Bond Ordinance designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

33. 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.

34. Bowles Rice McDavid Graff & Love PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

WITNESS my signature on this 13th day of September, 2001.

TOWN OF ELIZABETH

Lewis H Hall

Mayor

Closing Item No. C-3

TOWN OF ELIZABETH
SEWER REFUNDING REVENUE BONDS, SERIES 2001 A

CERTIFICATE OF RECORDER
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

The undersigned duly appointed Recorder of Town of Elizabeth (the "Issuer") hereby certifies that the copies of the following documents being delivered in connection with the closing of the sale of the $297,387 Town of Elizabeth Sewer Refunding Revenue Bonds, Series 2001 A (the "Bonds") are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Issuer and delivered in the transcript of proceedings, that said documents have been duly adopted or approved by the Common Council (the "Council") of the Issuer and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Town Charter.

2. Oaths of Office of Mayor and Council Member.

3. Petition from Sanitary Board.

4. Bond Ordinance.

5. Supplemental Resolution.

6. Minutes of the Council Meeting regarding Adoption of Bond Ordinance (upon third reading) and Supplemental Resolution.

7. Affidavit of Publication.

8. WDA Consent.

9. Prepayment Agreement.

10. Bank Commitment Letter.

11. Bank Investment Letter.

WITNESS my signature and the official seal of the Issuer on this 13th day of September, 2001.

TOWN OF ELIZABETH

Leany McVay

Recorder

[SEAL]

WEST VIRGINIA
Water Development Authority
Celebrating 40 Years of Service 1974 - 2014

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BOND

In reliance upon a certificate of the Issuer's certified public accountant, and the opinion of Goodwin & Goodwin, LLP, as Bond Counsel, 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 (a) $49,885.84 Town of Elizabeth, Sewer Revenue Bond, Series 1982 B, and (b) $108,000 Town of Elizabeth, Sewer Revenue Bond, Series 1999 (State Revolving Fund) (collectively, the "Prior Bonds"), hereby consents to the issuance of the Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program) (collectively, the "Series 2014 Bonds"), issued in the original aggregate principal amounts of $2,471,733 and $500,667, respectively, under the terms of the Ordinance authorizing the Series 2014 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bonds.

WITNESS my signature as of the 3rd day of April, 2014.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Sheila A. Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304)414-0865
www.wvwda.org

WesBanco

TOWN OF ELIZABETH
SEWER REVENUE BONDS
SERIES 2014 A (WEST VIRGINIA CWSRF PROGRAM)
AND
SERIES 2014 B (WEST VIRGINIA CWSRF PROGRAM)

CONSENT TO ISSUANCE OF PARITY BOND

In reliance upon a certificate of the Issuer's certified public accountant, and the opinion of Goodwin & Goodwin, LLP, as Bond Counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative of WesBanco Bank, Inc., the registered owner of the $297,387 Town of Elizabeth, Sewer Refunding Revenue Bond, Series 2001 A (the "Prior Bond"), hereby consents to the issuance of the Town of Elizabeth, Sewer Revenue Bonds, Series 2014 A (West Virginia CWSRF Program) and Series 2014 B (West Virginia CWSRF Program) (collectively, the "Series 2014 Bonds"), issued in the original aggregate principal amounts of $2,471,733 and $500,667, respectively, under the terms of the Ordinance authorizing the Series 2014 Bonds, on a parity with respect to liens, pledge and source of and security for payment with the Prior Bond.

WITNESS my signature as of the 3rd day of April, 2014.

WESBANCO BANK, INC.

By: _____

Its: Branch Manager