

TOWN OF FORT GAY

Water Revenue Bonds, Series 1999 A

Closing Date: July 19, 1999

TOWN OF FORT GAY

BOND ORDINANCE

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Exhibit A - Project Description

Exhibit B - Notice of Public Hearing and Abstract of Bond Ordinance

Introduced before Council
on June 1, 1999

Introduced by the
Honorable Lawrence Thompson, Mayor

Passed by Council
on _____, 1999

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING WATERWORKS TREATMENT AND DISTRIBUTION SYSTEM OF THE TOWN OF FORT GAY; AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF WATER REVENUE BONDS OF THE TOWN IN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$370,000 TO BE USED, ALONG WITH OTHER FUNDS AND MONEYS OF, OR AVAILABLE TO, THE TOWN WHICH MAY BE LAWFULLY EXPENDED FOR SUCH PURPOSES, TO PERMANENTLY FINANCE THE COST OF SUCH ACQUISITION AND CONSTRUCTION AND TO PAY OTHER COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATED THERETO.

Be It Ordained by the Town Council of the Town of Fort Gay, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Bond Legislation. This Bond Legislation is enacted pursuant to the provisions of Chapter 8, Article 19, and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended, and other applicable provisions of law.

Section 1.02. Definitions. The following terms shall have the following meanings in this Bond Legislation unless the context expressly requires otherwise.

"Act" shall mean collectively Chapter 8, Article 19, and Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Bond Legislation.

"Authority" shall mean the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds on behalf of the Program, or any other agency of the State of West Virginia that succeeds to the function of the Authority.

"Bond Act" means Chapter 8, Article 19 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Bond Legislation.

"Bond Construction Trust Fund" shall mean the fund created by Section 5.01 hereof.

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

"Bond Legislation," "Ordinance" or "Bond Ordinance" shall mean this Bond Ordinance in its present form and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

"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.

"Bonds" shall mean the Original Bonds and any pari passu additional Bonds hereafter issued within the terms, restrictions and conditions contained in this Bond Legislation.

"BPH" shall mean the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any other agency, board or department of the State that succeeds the function of the BPH.

"Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in Section 3.08 hereof.

"Closing Date" shall mean the date upon which there is an exchange of the Bonds for the proceeds or a portion of the proceeds representing the purchase of the Bonds by the Authority.

"Code" shall mean the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated pursuant thereto or any predecessors or successors 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.

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

"Consulting Engineers" shall mean S & S Engineers, Inc, Charleston, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

"Cost of Project" or "Costs" shall mean those costs described in Section 1.04(E) hereof to be a part of the cost of the acquisition and construction of the Project, as the case may be.

"Debt Service" shall mean 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" shall mean the bank designated as such in the Supplemental Resolution and its successors and assigns.

"DWTRF Administrative Fee" shall mean any administrative fee required to be paid pursuant to the Loan Agreement.

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

"DWTRF Regulations" shall mean the regulations for the Program set forth at Title 64, Part 49 of the West Virginia Code of State Regulations.

"Event of Default" shall mean any event or occurrence specified in Section 9.01 hereof.

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

"Fund" shall mean the "West Virginia Drinking Water Treatment Revolving Fund" established by the State, administered by the BPH and funded by capitalization grants

awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of waste treatment facilities.

"Governing Body" shall mean the Town Council of the Issuer as set forth in its Charter.

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

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

"Independent Accountants" shall mean any certified public accountant or firm of certified public accountants which shall be retained by the Issuer as independent accountants for the System or for any other purpose except keeping the accounts of the System in the normal operation of its business and affairs.

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

"Issuer" shall mean the Town of Fort Gay, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

"Issuer Contribution" shall mean the Issuer's contribution to the Project in the amount of \$95,000.

"Loan Agreement" shall mean the loan agreement entered into by and among the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Original Bonds from the Issuer by the Authority.

"Mayor" shall mean the Mayor of the Issuer.

"Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of Operating Expenses, as hereafter defined.

"Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the Costs); fees and expenses of the Authority, the BPH, fiscal agents, the Registrar and the Paying Agent (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; and amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the not more than \$370,000 Water Revenue Bonds, Series 1999 A (West Virginia DWTRF Program), to be issued for the purpose of paying a portion of the Costs of the acquisition and construction of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

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

"Parity Bonds" shall mean additional Bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Gross Revenues on a parity with the Original Bonds.

"Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the Issuer.

"Program" shall mean the water treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by the BPH.

"Project" shall mean the acquisition and construction of certain additions, extensions, betterments and improvements to the System, a description of which is attached hereto as Exhibit A and incorporated herein by reference, and any extensions, additions, betterments and improvements to the System.

"PSC Order" means the Recommended Decision of the PSC in Case No. 99-0189-W-CN, which was entered by an Administrative Law Judge of the PSC on May 24, 1999, and which will, absent the filing of exceptions thereto, become the final order of the PSC on June 13, 1999, granting the City a Certificate of Convenience and Necessity to construct the Project.

"Qualified Investments" shall mean and include 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; the Tennessee Valley Authority; or the Washington Metropolitan Area Transit Authority;
- (d) Any bond, debenture, note, participation certificate or other similar obligation 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 Federal Deposit Insurance Corporation ("FDIC"), shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;
- (f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner 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 "consolidated fund" (or any distinct portion thereof) managed by the West Virginia Investment Management Board pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

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

"Recorder" shall mean the Recorder of the Issuer.

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

"Regulations" shall mean the regulations promulgated under the Code.

"Revenue Fund" shall mean the fund created or continued by Section 5.01(1) hereof.

"Series 1999 A Renewal and Replacement Fund" shall mean the fund created by Section 5.01(2) hereof.

"Series 1999 A Reserve Account" shall mean the reserve account established in the Series 1999 A Sinking Fund created in Section 5.02(1)(a) hereof.

"Series 1999 A Reserve Requirement" shall mean as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on each series of the Bonds in the then current or any succeeding Fiscal Year.

"Series 1999 A Sinking Fund" shall mean the sinking fund established for the Bonds and created in Section 5.02(1) hereof.

"State" shall mean the State of West Virginia.

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

"Surplus Revenues" shall mean the Gross Revenues not required by this Bond Legislation to be set aside and held for the payment of or security for the Bonds, including the reserve accounts and the Renewal and Replacement Fund.

"System" shall mean the existing water system of the Issuer, and shall include any extensions, additions, betterments and improvements thereto.

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

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

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

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

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

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

Section 1.04. Findings. It is hereby found, determined and declared as follows:

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM

Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements. There is hereby authorized the acquisition and construction of the Project in accordance with plans and specifications prepared by the Consulting Engineers, approved by BPH and the Issuer, and on file in the office of the Issuer.

The Issuer has received or will receive bids for the construction of the Project that are compatible with the financing plan submitted to the Program. The Issuer will enter into contracts for the acquisition and construction of the Project within ninety days of its issuance of the Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purposes of paying costs of issuance, financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, funding reserve accounts therefor or any one or more of such items, there shall be issued the Original Bonds of the Issuer. The Original Bonds shall be issued in one or more series, designated "Water Revenue Bonds, Series 1999 A," and so on, in an aggregate principal amount of not more than \$305,000. Each series of Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest not to exceed two percent per annum, shall mature at such times, not exceeding thirty (30) years after the date of issuance, and in such amount or amounts as shall be set forth in the Loan Agreement and in the Supplemental Resolution. The Original Bonds shall not bear interest, if any, during the construction period but interest shall commence accruing on the completion date of the Project, provided that the annual repayment of principal and payment of interest, if any, on the Bonds shall begin not later than one (1) year after the completion date of the Project. The Original Bonds shall be subject to the DWTRF Administrative Fee. The repayment of principal and interest, if any, on the Original Bonds shall be as set forth on Schedule Y to the Loan Agreement. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Bond Legislation and the Loan Agreement and as the Governing Body of the Issuer shall prescribe by resolution (or by supplemental or amendatory ordinance of the Governing Body as it shall determine) adopted in connection with the sale of such Original Bonds.

The Bonds shall be payable as to principal at the principal office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds, if any, shall be paid by check or draft mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, provided, that so long as the Authority is the owner thereof, interest on the Original Bonds may be paid by wire transfer or other methods satisfactory to the Issuer, the Paying Agent and the Authority.

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a payment record attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided in the Loan Agreement and said Supplemental Resolution. Bonds shall be exchangeable at the option and expense of the Bondholder for other fully registered Bonds in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds may be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. Said Bonds shall be dated as of the date specified in said Supplemental Resolution and shall bear interest from such date.

Section 3.02. Execution of Bonds. Said Bonds shall be executed in the name of the Issuer by the Mayor and attested by the Recorder, and the seal of the Issuer shall be affixed thereto or imprinted thereon. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the 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 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.04. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive owner, in accepting any of said Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive 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 in the manner provided hereinafter in the form of said Bonds.

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

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

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

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner's furnishing the Issuer proof of 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 and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be canceled by the Registrar and held for the account of the Issuer. If 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 therefor.

Any such duplicate Bonds 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 Bonds be at any time found by anyone, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of security for payment from the revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Bonds not to be Indebtedness of the 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 Gross Revenues derived from the operation of the System as herein provided. No Owner or Owners 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 any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all the Original Bonds shall be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Bonds and to make the payments into the sinking funds, reserve accounts, and renewal and replacement or depreciation accounts established by this Bond Legislation are hereby

irrevocably pledged to the payment of the principal of and interest, if any, on the Bonds as the same become due.

Section 3.08. Form of Original Bonds. The text of each series of Original Bonds 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 Bond Legislation or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

[Remainder of this page intentionally left blank]

[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WAYNE
TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$_____

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF FORT GAY, a municipal corporation of the State of West Virginia, in Wayne County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), or registered assigns, the sum of Three Hundred Five Thousand Dollars (\$305,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year beginning ____ 1, 200_, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with no interest. The DWTRF Administrative Fee (as defined in the hereinafter-described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning March 1, 2000, as set forth on Exhibit B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the 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 as otherwise provided by the Loan Agreement dated July 19, 1999, among the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health.

This Bond is issued (i) to pay costs of acquisition and construction of a certain additions, extensions, betterments and improvements to the existing water treatment facilities of the Issuer (the "Project"); [(ii) to fund a reserve account for the Bonds of this Series;] and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Issuer on June 15, 1999, effective July 6, 1999, and a Supplemental Resolution adopted by the Issuer on July 6, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

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

This Bond is payable only from and secured by a pledge of a lien on the Gross Revenues to be derived from the operation of the System, moneys in the Series 1999 A Reserve Account created under the Bond Legislation and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, thereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1999 A Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds payable from such Gross Revenues, provided however, that so long as there exists in the Series 1999 A Reserve Account an amount equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in any succeeding fiscal year, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which, reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of the Community Trust Bank, Fort Gay, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation 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 owner of this Bond.

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

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

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the Town of Fort Gay has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated July 19, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A
RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	

Total \$ _____

EXHIBIT B.

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

Section 3.09. Sale of Original Bonds; Ratification and Execution of Loan Agreement. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. As a ratification of the resolution of the Governing Body authorizing execution of the Loan Agreement, the Mayor is specifically authorized and directed to execute the Loan Agreement and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority. The Loan Agreement is specifically incorporated into this Bond Legislation.

Section 3.10. Certificate of Consulting Engineers. Prior to the issuance of the Original 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 has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the BPH and the Authority, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the BPH and the Authority is sufficient to pay the costs of the acquisition and construction of the Project.

Section 3.11. Amended Schedule B Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority its schedule, in substantially the form of "Amended Schedule B" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds used therefor.

ARTICLE IV

[Reserved]

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are continued hereby or are created with and shall be held by the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

- (1) the Series 1999 A Sinking Fund;
 - (a) Within the Series 1999 A Sinking Fund, the Series 1999 A 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 established herein. 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 therein and herein provided.

(1) The Issuer shall, on the first day of each month commencing 4 months prior to the first date of payment of principal on the Bonds, from the moneys in the Revenue Fund, remit to the Commission, for deposit in the Series 1999 A Sinking Fund, a sum equal to 1/3rd of the amount of principal which will become due on the Bonds on the next ensuing quarterly principal payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date. When additional series of Original Bonds are issued, the payment of principal on said bonds shall be made simultaneously with the payments described in this Section 5.03A(1) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(2) The Issuer shall next, each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(3) The Issuer shall, on the first day of each month commencing 4 months prior to the first date of payment of principal on the Bonds, from the moneys in the Revenue Fund, remit to the Commission for deposit in the Series 1999 A Reserve Account an amount equal to 1/120 of the Series 1999 A Reserve Requirement; provided, that no further payments shall be made into the Series 1999 A Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 A Reserve Requirement. When additional series of Original Bonds are issued, additional deposits into the Series 1999 A Reserve Account for said bonds shall be made simultaneously with the payments described in this Section 5.03A(3) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(4) The Issuer shall next, on the first day of each month, from the moneys in the Revenue Fund, remit to the Depository Bank for deposit in the Series 1999 A 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 Series 1999 A 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 Series 1999 A Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1999 A 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 Series 1999 A Renewal and Replacement Fund.

Moneys in the Series 1999 A Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Series 1999 A Sinking Fund shall be used only for the purpose of paying principal of or interest, if any, on the Bonds, as the same shall come due, when other moneys in the Series 1999 A Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Series 1999 A Reserve Account shall be transferred, not less than once each year, to the Series 1999 A Bond Construction Trust Fund prior to completion of the Project and thereafter to the Series 1999 A Sinking Fund.

Any withdrawals from the Series 1999 A Reserve Account which result in a reduction in the balance of the Series 1999 A Reserve Account to an amount below the Series 1999 A Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the respective sinking funds for payment of debt service on the Bonds have been made in full.

B. As and when additional Bonds ranking on a parity with the Original Bonds are issued, provision shall be made for additional payments into the Series 1999 A Sinking Fund sufficient to pay any interest on such additional Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1999 A Reserve Account in an amount equal to the Series 1999 A Reserve Requirement.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Sinking Fund created hereunder, and all amounts required for the Series 1999 A 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 A Sinking Fund shall be made on the first day of each month, except that when the first day of any month shall be a Sunday or legal holiday then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Series 1999 A Reserve Account shall be invested and reinvested by the Commission in accordance with Article VIII hereof.

The Series 1999 A Sinking Fund, including the Series 1999 A Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them 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 hereinabove 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 A Sinking Fund, including the Series 1999 A Reserve Account therein, and the Series 1999 A Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

D. The Issuer shall remit from the Revenue Fund to the Commission or the Depository Bank, on such dates as the Commission or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay any Depository Bank's charges then due.

Simultaneously with the deposit made to the Commission pursuant to Section 5.03A(3) the Issuer shall remit to the Commission the DWTRF Administrative Fee.

The Issuer shall complete the "monthly payment form," which form is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its payment check to the Authority by the fifth day of each calendar month.

E. The moneys in excess of the maximum amounts insured by FDIC in the Revenue Fund and the Series 1999 A Renewal and Replacement Fund shall at all times be secured, to the full extent thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

Section 5.04. Excess Bond Proceeds. Upon completion of construction of the Project, as certified by the Consulting Engineers, and after all costs have been paid, any remaining proceeds of the Bonds shall be used as directed in writing by the Authority and the BPH.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Bonds, there shall be deposited with the Commission in the Series 1999 A Reserve Account the sum, if any, set forth in the Supplemental Resolution.

B. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Issuer, as received from time to time, in the Bond Construction Trust Fund hereinafter established.

C. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Bond Legislation. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust 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 6.02. Disbursements From the Bond Construction Trust Fund.

A. 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 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the cost of issuance of the Original Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from, the Authority and the BPH of the following:

(1) A "Payment Requisition Form," in the form attached to the Loan Agreement, and

(2) a certificate, signed by the Mayor 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 disbursements 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.

B. In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall, from time to time, file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

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

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

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith, equally and ratably, by a lien on the Gross Revenues derived from the operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the reserve account established herein for the Series 1999 A Bonds, and all other payments provided for in this Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest, if any, on the Bonds and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established 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 purchasers thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the 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 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds then Outstanding; provided that, in the event that amounts at least equal to or in excess of the reserve requirements established for the Bonds are on deposit in the respective reserve accounts for the Bonds, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. 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 Bond Legislation.

Upon completion of the Project, the Issuer shall file with the Authority a schedule, in substantially the form of Amended Schedule B to the Program loan application, setting forth the actual costs of the Project and sources of funds therefor.

Section 7.06. 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 then 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 appropriate sinking funds, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal and any interest, if any, at 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, 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. The Governing Body may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars (\$10,000) but not in excess of one hundred thousand dollars (\$100,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of \$100,000, shall be deposited in the Renewal and Replacement Fund. The proceeds derived from any such sale, lease or other

disposition of such property in excess of \$100,000 shall be remitted by the Issuer to the Commission for deposit in the appropriate sinking funds 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 funds or the renewal and replacement funds therein 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 shall be in excess of two hundred thousand dollars (\$200,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds then Outstanding, without the prior approval and consent in writing of the owners, 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 the then owners of the Bonds, for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 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; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. 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 to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1999 A Reserve Account and the Series 1999 A 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, except with respect to said pari passu additional Bonds, being on a parity with the lien of the Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation or upon the System or any part thereof.

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

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Bond Legislation,

except under the conditions and in the manner herein provided and with the prior written consent of BPH and the Authority.

No Parity Bonds shall be issued, except for the purpose of financing the costs of the acquisition or construction of extensions, additions, betterments or improvements to the System or refunding the entirety of one or more issues or series of bonds or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Recorder a written statement by Independent 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, 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 additional Parity Bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on the following:

- (1) Each series of Original Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual net revenues to be received in each of the 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 Issuer, the time for appeal of which shall have 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 additional Parity Bonds.

The Gross 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 Independent Accountants as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired 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 acquisition or construction of such

extensions, additions, betterments or improvements to the System which are to be financed by such Parity Bonds.

All the 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 owners of the Original Bonds and the owners of any 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 respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds created in this Bond Legislation required for and on account of such additional Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Outstanding 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 at any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation on account of the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.09. Insurance and Construction Bonds. The Issuer 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 hazards and risks. The Issuer will 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 the BPH, so long as the Authority is the Owner of the Bonds. The Issuer will itself, or will require each contractor and subcontractor to, obtain and 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, to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. 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 disposed of as provided in the Bond Legislation 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 Issuer shall 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. The Issuer shall carry such other insurance as is required by the Authority and BPH and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

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.

Section 7.10. Consulting Engineers. The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and BPH 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. Such resident engineer shall certify to the Authority, the BPH and the Issuer, 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 Issuer shall require the Consulting Engineers to submit "as-built plans" to it within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt. The Issuer shall submit a Performance Certificate in the form requested by the BPH to the BPH within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit a final Operation and Maintenance Manual, in the form requested by the BPH, to the BPH when the Project is 90% completed. The Issuer agrees that it will, at all times, provide operation and maintenance of the System to comply with any and all State and federal standards. The Issuer agrees that qualified operating personnel, properly certified by the State, will be employed before the Project is 25% complete and agrees that it will retain such a certified operator(s) to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the BPH in writing of the certified operator employed at the 25% completion stage.

The Issuer agrees that qualified operating personnel, properly certified by the State, will be retained to operate the System during the entire term of the Loan Agreement.

Section 7.11. 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 BPH or other State, federal or local bodies in regard to the construction of the

Project and operation, maintenance and use of the System. Notwithstanding anything herein to the contrary, the Issuer will provide the BPH with copies of all documents submitted to the Authority.

Section 7.12. No Free Services. The Issuer will not render or cause to be rendered any free services, of any nature, by its 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 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 Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer 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 7.13. 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.

Whenever any rates, rentals or charges for the services or 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 any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, rates, rentals and 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 any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off the services and facilities of the System to all delinquent users of the services and facilities of the System, and will not restore such services of the System until all delinquent charges for the service and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid, and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.14. No Competing Franchise. To the extent allowable by law, 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 which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the BPH, 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 BPH such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the Loan Agreement or other sources of financing for the Project.

The Issuer shall permit the Authority and the BPH, or their agents and representatives, to inspect all records pertaining to the operation of the System, at all reasonable times, following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any owner of a Bond or Bonds issued pursuant to the 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 currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Bond Act. Separate control accounting records shall be maintained by the Issuer. 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 Issuer.

The Issuer shall file with the Consulting Engineers and the Authority and BPH, and shall mail in each year to any owner or owners of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds or other obligations Outstanding and secured by a lien on the Gross Revenues of the System.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Bond Legislation, and shall submit said report to the Authority and the BPH. The report of said audit shall include a statement that the Issuer is in compliance with the terms and provisions of the Act and the Loan Agreement and that the Issuer's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

The Issuer shall, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, each month complete a Monthly Financial Report and forward a copy by the 10th of each month to the Authority and the BPH.

The Issuer shall, during construction of the Project, complete Payment Requisition Forms, the form of which is attached to the Loan Agreement as Exhibit B and is incorporated herein by reference, and forward a copy to the BPH in compliance with the Issuer's construction schedule.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as promulgated from time to time.

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

Section 7.16. Operating Budget. The Board shall, annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the BPH within thirty days of the adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Board shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made, except upon the

further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer 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 Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.19. PSC Order. The City shall comply with the conditions of the PSC Order and any supplement or amendment thereto.

Section 7.20. Covenant to Amend Bond Legislation. The Issuer retains the right to make any amendments to or insertions or deletions from this Bond Legislation by a further amendatory ordinance or by the Supplemental Resolution as the Issuer deems necessary prior to the issuance of the Bonds to meet the requirements of the Authority and the BPH.

ARTICLE VIII
INVESTMENT OF FUNDS

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 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 specified 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. 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 of such liquidation. The Depository Bank or such other bank or national banking association may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

ARTICLE IX
DEFAULT AND REMEDIES

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

(A) If default occurs in the due and punctual payment of the principal of or interest on the Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Bond Legislation, any supplemental resolution, or in such 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 any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default with respect to any Bonds, any Registered Owner of such Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon such 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 such Bonds, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to such Bonds, or the rights of such registered Owners.

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any 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 the Bond Legislation 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,

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 any 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 of the Bond Legislation and 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, 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 issued pursuant to the Bond Legislation and interest thereon and under any covenants of the 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 owner of Bonds issued pursuant to this Bond Legislation 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, 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 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 Owners of Bonds issued pursuant to the Bond Legislation. 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 of the 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, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Owners 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 the Bond Legislation, then the pledge of Gross Revenues and any other moneys and securities pledged under this Bond Legislation 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 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 the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agents, 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 and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and 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 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 Government Obligations.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Bond Legislation 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 owners of two-thirds (2/3) or more in principal amount of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any 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 owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

Section 11.02. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Bond Legislation shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Bond Legislation.

Section 11.03. Repeal of Conflicting Legislation. All ordinances, resolutions and orders, or parts thereof, in conflict with this Bond Legislation are, to the extent of such conflict, repealed.

Section 11.04. Covenant of Due Procedure. 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 of this Bond Legislation do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, the Recorder and members of the Governing Body were at all times when any actions in connection with this Bond Legislation occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Abstract of Bond Legislation and Notice of Public Hearing. Upon adoption hereof, the abstract of this Bond Legislation in the form set forth in Exhibit B attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in the Wayne County News, a newspaper of general circulation in the Town of Fort Gay, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Issuer upon a certain date, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of this Bond Legislation is on file with the Issuer for review by interested persons during office hours of the Issuer. The Governing Body hereby determines

that the Abstract contains sufficient information as to give notice of the contents hereof. At such hearing, all objections and suggestions shall be heard and the Issuer shall take such action as it shall deem proper in the premises.

Section 11.06. Effective Date. This Bond Legislation shall take effect after passage, public hearing and otherwise in the manner prescribed by law.

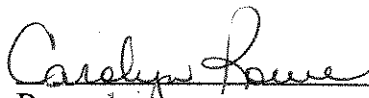
First Reading: June 1, 1999

Second Reading
and Passage: June 15, 1999

Public Hearing: July 6, 1999

This Bond Legislation was placed into effect following the public hearing held on July 6, 1999.

(SEAL)


Recorder


Mayor

CHASFS3:146381

EXHIBIT A

Project Description

The Project includes the acquisition and construction of a 6 ft. diameter raw water intake with two 250 GPM pumps and a concrete settling basin with a 67,000 gallon capacity to improve the drinking water quality of the System. The Project also involves minor modifications to the existing water treatment plant.

EXHIBIT B

TOWN OF FORT GAY, WEST VIRGINIA

NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on June 15, 1999, the Town Council of the Town of Fort Gay, West Virginia (the "Town") enacted an ordinance which:

1. Authorized the acquisition and construction of certain additions, extensions, betterments and improvements (the "Project") to the Town's existing water system (the "System") and the financing of the permanent cost, not otherwise provided, thereof through the issuance of not more than \$305,000 in aggregate principal amount of Water Revenue Bonds, with series designations to be set forth in the Supplemental Resolution (the "Bonds").

2. Directed that the Bonds be issued and in the form of one bond, fully registered with a payment record attached; that interest on the Bonds shall be not more than two percent (2%) per annum, that said Bonds mature in not more than thirty years and that said Bonds be sold for the par value thereof; that the Bonds be executed in the name of the Town by the Mayor, and the seal of the Town be affixed thereto and attested to by the Recorder; that such Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser on behalf of the West Virginia Bureau for Public Health.

3. Directed the continuation of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly payment of principal and interest, if any, when due; provided for the creation of a reserve account and a Renewal and Replacement Fund for the Bonds; and provided for the use of excess funds of the System.

4. Provided for the disbursement of Bond proceeds and created a Bond Construction Trust Fund.

5. Pledged to payment of the Bonds the Gross Revenues of the System and established the rights of the holders of the Bonds to the Gross Revenues of the System.

6. Provided upon certain conditions for the issuance of additional bonds.

7. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service, and set forth other covenants of the Town in favor of the Bondholders.

8. Established the terms for default and the remedies of the Bondholders.

9. Provided for the modification or amendment of the Ordinance upon the terms and conditions set forth in the Ordinance.

The Town contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Town Council of the Town of Fort Gay at a regular meeting thereof at 6:00 p.m., prevailing time, on July 6, 1999, in the Council Chambers, Town Hall, Fort Gay, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Town Council is on file with the Recorder for review by interested persons during the regular hours at the address listed above, to-wit: 9:00 a.m. to 4:00 p.m., Monday through Friday.

Recorder -- the Town of Fort Gay,
West Virginia

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the Town of Fort Gay, Wayne County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the Town of Fort Gay, and that the action taken by the Town Council in the foregoing document remains in full force and effect and has not been amended.

Dated July 6, 1999.

Carolyn Lowe
Recorder

[SEAL]

BEFORE THE COMMON COUNCIL OF THE
TOWN OF FORT GAY, WEST VIRGINIA

SUPPLEMENTAL RESOLUTION PROVIDING AS TO
PRINCIPAL AMOUNT, DATE, MATURITIES, INTEREST
RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICES
AND OTHER TERMS OF THE TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A;
AUTHORIZING AND APPROVING THE SALE AND
DELIVERY OF SUCH BONDS TO WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY; DESIGNATING A
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK;
AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Common Council (the "Governing Body") of the Town of
Fort Gay (the "Town"), has duly and officially passed a Bond Ordinance on June 15, 1999,
effective July 6, 1999 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND
CONSTRUCTION OF CERTAIN ADDITIONS,
EXTENSIONS, BETTERMENTS AND IMPROVEMENTS TO
THE EXISTING WATERWORKS TREATMENT AND
DISTRIBUTION SYSTEM OF THE TOWN OF FORT GAY;
AUTHORIZING THE ISSUANCE OF ONE OR MORE
SERIES OF WATER REVENUE BONDS OF THE TOWN IN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$370,000 TO BE USED, ALONG WITH OTHER FUNDS
AND MONEYS OF, OR AVAILABLE TO, THE TOWN
WHICH MAY BE LAWFULLY EXPENDED FOR SUCH
PURPOSES, TO PERMANENTLY FINANCE THE COST OF
SUCH ACQUISITION AND CONSTRUCTION AND TO PAY
OTHER COSTS IN CONNECTION THEREWITH;
PROVIDING FOR THE RIGHTS AND REMEDIES OF AND
SECURITY FOR THE OWNERS OF SUCH BONDS;
AUTHORIZING EXECUTION AND DELIVERY OF ALL
DOCUMENTS RELATING TO THE ISSUANCE OF SUCH
BONDS; APPROVING, RATIFYING AND CONFIRMING A
LOAN AGREEMENT RELATING TO SUCH BONDS; AND
ADOPTING OTHER PROVISIONS RELATED THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of the Town of Fort Gay Water Revenue Bonds, Series 1999 A (the "Bonds"), in the aggregate principal amount not to exceed \$370,000, and authorized the execution and delivery of a loan agreement relating to the Bonds, including all amendments and supplements (collectively, the "Loan Agreement"), by and between the Town and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau of Public Health ("BPH"), all in accordance with Chapter 8, Article 19, and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the exact principal amount, maturity dates, interest rate, interest and principal payment date, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE TOWN OF FORT GAY, WEST VIRGINIA, AS FOLLOWS:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Town of Fort Gay Water Revenue Bonds, Series 1999 A, originally represented by a single Bond, numbered AR-1, in the original principal amount of \$305,000. The Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2030, and shall bear no interest. Principal on the Bonds is payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2000, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Town does hereby approve and shall pay the administrative fee equal to 1% of the principal amount of the Bonds set forth in the "Schedule Y" to the Loan Agreement. The Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Town does hereby ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town are hereby authorized, directed, ratified and approved. The Town hereby affirms all covenants and representations made in the Loan Agreement and in the Application to the BPH and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds will be advanced from time to time as requisitioned by the Town.

Section 4. The Town does hereby appoint and designate The Matewan National Bank, Williamson, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Town and the Registrar, in substantially the form attached hereto, and the execution and delivery by the Mayor of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Town are hereby authorized, approved and directed.

Section 5. The Town does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Town does hereby appoint Community Trust Bank, Fort Gay, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. The Town has created the Series 1999 A Reserve Account (the "Reserve Account") which will be funded with equal payments on a monthly basis in an amount equal to 1/120th of the Series 1999 A Reserve Requirement until such Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Series 1999 A Sinking Fund (established for the quarterly payment of principal and interest, if any) will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to pay costs of the Project.

Section 8. The proceeds of the Bonds, as advanced from time to time, shall be deposited in or credited to the Bond Construction Trust Fund, as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about July 19, 1999, to the Authority pursuant to the Loan Agreement.

Section 10. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

Section 11. The Town hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in money market accounts secured by a pledge of Government Obligations, and therefore, the Town hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such money market accounts until further directed in writing by the Town. Moneys in the Series 1999 A Sinking Fund, including the Series 1999 A Reserve Account therein, shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Left Blank]

The foregoing Resolution was read and duly adopted at a regular meeting of the Common Council of the Town of Fort Gay held on the 6th day of July, 1999.

THE TOWN OF FORT GAY

[SEAL]

Pawna Thomas

Mayor

ATTEST:

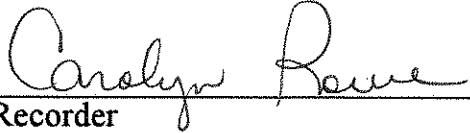
Carolyn Reese

Recorder

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the Town of Fort Gay on the 6th day of July, 1999.

Dated: July 6, 1999.


Recorder

147063

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the Public Water System designated below (the "Local Entity").

TOWN OF FORT GAY

(Local Entity)

WITNESSETH:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water system;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH 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 BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund") which fund is to be administered by the Authority under the direction of the BPH;

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

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

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

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

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

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

1.8 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.9 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity 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 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.11 "System" means the drinking water system owned by the Local Entity, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with

security for the faithful performance of such contract and shall verify or have verified such bonds prior to the initiation of construction.

2.8 The Local Entity 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 BPH and shall verify or have verified such bonds prior to the initiation of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) 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 Entity, 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 Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity 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 Entity shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and BPH covering the supervision and inspection of the development and construction of the Project and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such resident engineer shall certify to the Authority, BPH and the Local Entity 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 Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project.

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

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

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

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

(h) The Local Entity 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 operative until completion of construction of the Project) with all requisite appeal periods having expired, and the Authority and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority and BPH shall have received a certificate of the accountants for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, 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 BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water treatment projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants.

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to an amount at least equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and
- (iv) for other legal purposes of the System, including payment of debt service on other obligations junior, subordinate and inferior to the Local Bonds.

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

(b) Covenants substantially as follows:

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

accountant or independent public accountant and shall submit the report of said audit to the Authority and BPH. If the Local Entity receives \$300,000 or more in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act, (as amended from time to time) and OMB Circular A-133 (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit shall include a statement that the Local Entity is in compliance with the terms and provisions of the Local Act and this Loan Agreement and that the Local Entity's revenues are adequate to meet its operation and maintenance expenses and debt service requirements;

(xii) That the Local Entity shall annually adopt a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding fiscal year and shall submit a copy of such budget to the Authority and BPH 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 Entity and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and BPH, 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 Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

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

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

limitation Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

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

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Local Entity 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 rate modification) so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Local Entity defaults in any payment due to the Authority pursuant to Section 4.2 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

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

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

EXHIBIT A

[Form of Monthly Financial Report]

[Name of Local Entity]

[Name of Bond Issue]

Fiscal Year - _____

Report Month: _____

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

Witnesseth my signature this _____ day of _____, 19____.

[Name of Local Entity]

By: _____
Authorized Officer

EXHIBIT C

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No. _____, of _____ Consulting Engineers, _____, hereby certify that my firm is engineer for the acquisition and construction of _____ to the _____ system (herein called the "Project") of _____ (the "Issuer") to be constructed primarily in _____ County, West Virginia, which construction and acquisition are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the _____ passed by the _____ of the Issuer on _____, 19____, effective _____, 19____, and the Loan Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Virginia Bureau for Public Health ("BPH") dated _____, 19____.

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

2. The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the Authority requesting the Authority to purchase the Bonds (the "Application") and approved by all necessary governmental bodies, (ii) the Project is adequate for the purpose for which it was designed and has an estimated useful life of at least [twenty/thirty] years, (iii) the Issuer has received bids for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy, (iv) the Issuer has obtained all permits required by the laws of the State and the federal government necessary for the construction of the Project, (v) the rates and charges for the System as adopted by the _____ of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreement, (vi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, are sufficient to pay the costs of construction and

EXHIBIT D

[Special Conditions]

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

EXHIBIT F

[Opinion of Bond Counsel for Local Entity]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311-1511

Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated _____, 19____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Entity, dated _____, 19____ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are in the principal amount of \$_____, issued in the form of one bond registered as to principal and interest to the Authority, with interest payable _____ 1, _____ 1, _____ 1, and _____ 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on _____ 1 in each of the years, all as follows:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
-------------	--------------------	----------------------

The Local Bonds are issued for the purpose of _____ and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Local Entity on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken.

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds \$ 305,000.00
Purchase Price of Bonds \$ 305,000.00

The Bonds shall bear no interest from the date of delivery ~~to and including~~-----
Principal ~~and interest~~ on the Bonds is payable quarterly, commencing June 1, 2000, at a rate of
0 % per annum. Quarterly payments will be made thereafter on each September 1, December 1,
March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference.
As of the date of this Loan Agreement, it is the Authority's and BPH's understanding that the Local
Entity has [no other obligations outstanding which have a lien as to the source of and security for
payment equal to or superior to the lien being granted by the Bonds] or [provide list of outstanding
debt].

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

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

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

Town of Fort Gay, West Virginia
Drinking Water Treatment Revolving Fund Loan of \$305,000
30 Years, 0% Interest Rate, 1% Administrative Fee

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2011	2,542.00	-	2,542.00
9/01/2011	2,542.00	-	2,542.00
12/01/2011	2,542.00	-	2,542.00
3/01/2012	2,542.00	-	2,542.00
6/01/2012	2,542.00	-	2,542.00
9/01/2012	2,542.00	-	2,542.00
12/01/2012	2,542.00	-	2,542.00
3/01/2013	2,542.00	-	2,542.00
6/01/2013	2,542.00	-	2,542.00
9/01/2013	2,542.00	-	2,542.00
12/01/2013	2,542.00	-	2,542.00
3/01/2014	2,542.00	-	2,542.00
6/01/2014	2,542.00	-	2,542.00
9/01/2014	2,542.00	-	2,542.00
12/01/2014	2,542.00	-	2,542.00
3/01/2015	2,542.00	-	2,542.00
6/01/2015	2,542.00	-	2,542.00
9/01/2015	2,542.00	-	2,542.00
12/01/2015	2,542.00	-	2,542.00
3/01/2016	2,542.00	-	2,542.00
6/01/2016	2,542.00	-	2,542.00
9/01/2016	2,542.00	-	2,542.00
12/01/2016	2,542.00	-	2,542.00
3/01/2017	2,542.00	-	2,542.00
6/01/2017	2,542.00	-	2,542.00
9/01/2017	2,542.00	-	2,542.00
12/01/2017	2,542.00	-	2,542.00
3/01/2018	2,542.00	-	2,542.00
6/01/2018	2,542.00	-	2,542.00
9/01/2018	2,542.00	-	2,542.00
12/01/2018	2,542.00	-	2,542.00
3/01/2019	2,542.00	-	2,542.00
6/01/2019	2,542.00	-	2,542.00
9/01/2019	2,542.00	-	2,542.00
12/01/2019	2,542.00	-	2,542.00
3/01/2020	2,542.00	-	2,542.00
6/01/2020	2,541.00	-	2,541.00
9/01/2020	2,541.00	-	2,541.00
12/01/2020	2,541.00	-	2,541.00
3/01/2021	2,541.00	-	2,541.00
6/01/2021	2,541.00	-	2,541.00
9/01/2021	2,541.00	-	2,541.00
12/01/2021	2,541.00	-	2,541.00
3/01/2022	2,541.00	-	2,541.00
6/01/2022	2,541.00	-	2,541.00
9/01/2022	2,541.00	-	2,541.00
12/01/2022	2,541.00	-	2,541.00



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheirl L. Fletcher
Morgantown

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

Susan J. Riggs, Esquire
Executive Secretary

June 5, 1998

Jimmy E. Boggs
Region II Planning & Development Council
P.O. Box 939
Huntington, WV 25712

Re: Town of Fort Gay (Resubmittal)
Water System Improvement Project 96W-261

Dear Mr. Boggs:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the Town of Fort Gay's (Town) preliminary application regarding the Town's proposed project to construct a pump station and a presettling basin (Project). Based on the findings of the Water Technical Review Committee, the Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Town should carefully review the enclosed comments of the Water Technical Review Committee. The Town may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council determined that the Town should pursue a Drinking Water Treatment Revolving Fund loan of \$370,000 to finance the Project. Please contact the Bureau for Public Health at 558-2981 for specific information on the steps the Town needs to follow to apply for this funding. **Please note that this letter does not constitute funding approval from the Bureau for Public Health.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above telephone number.

Sincerely,

James D. Williams

JDW/bh
Enclosure
cc: Katy Mallory, P.E.

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES AND DELIVERY
6. RATES
7. INCUMBENCY AND OFFICIAL NAME
8. MEETINGS
9. INSURANCE
10. LOAN AGREEMENT
11. TRUTH AND ACCURACY OF DOCUMENTS
12. SPECIMEN BOND
13. BOND PROCEEDS
14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
15. LAND AND RIGHTS-OF-WAY
16. PUBLIC SERVICE COMMISSION ORDER
17. CONFLICT OF INTEREST
18. YEAR 2000 COMPLIANCE

We, the undersigned MAYOR AND RECORDER of the Town of Fort Gay in Wayne County, West Virginia (herein called the "Town"), and the undersigned COUNSEL for the Town, hereby certify in connection with the fully registered the Town of Fort Gay Water Revenue Bonds, Series 1999 A, numbered AR-1, dated the date hereof, in the principal amount of \$305,000, bearing no interest, and subject to an Administrative Fee of one percent (1%) (the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance duly passed by the Council (the "Council") of the Town on June 15, 1999, effective July 6, 1999, and the Supplemental Resolution adopted July 6, 1999, relating to the Bonds (collectively, the "Ordinance"), the Loan Agreement entered into between the Town and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau of Public Health ("BPH"), dated July 6, 1999, for the Bonds (the "Loan 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

and such rates are in full force and effect. The time for appeal of such rate ordinance has expired and there has been no appeal thereof.

7. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Town is the "Town of Fort Gay", and it is a municipal corporation of the State of West Virginia in Wayne County of said State. The governing body of the Town is its Common Council, consisting of five Council members and the Mayor. The Recorder is an ex-officio member of the Common Council. The names and dates of commencement and termination of terms of office for all such officials during these Bond proceedings, including current terms, are listed below:

<u>Office</u>	<u>Name</u>	<u>Date Of Commencement Of Office</u>	<u>Date Of Termination Of Office</u>
Mayor	Lawrence. Thompson	July 1, 1999	June 30, 2001
Recorder	Carolyn Rowe	July 1, 1999	June 30, 2001
Council Member	Rose Devaney	July 1, 1999	June 30, 2001
Council Member	Paul David Rowe	July 1, 1999	June 30, 2001
Council Member	James C. Kitts	July 1, 1999	June 30, 2001
Council Member	Nathan Britt	July 1, 1999	June 30, 2001
Council Member	Charles Hill	July 1, 1999	June 30, 2001

The duly appointed and acting Town Attorney is George B. Morrone, III, Esquire, Kenova, West Virginia.

8. **MEETINGS:** All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the Town in any way connected with the construction, operation and financing of the Project were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes including, particularly and without limitation, Chapter 6, Article 9A, of the West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the 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.

9. **INSURANCE:** The Town will maintain or, as appropriate, will require all contractors to maintain Worker's 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.

10. **LOAN AGREEMENT:** As of the date hereof, (i) the representations of the Town contained in the Loan Agreement are true and correct in all material respects as if made on the

date hereof; (ii) the Loan Agreement does not contain any untrue statements of 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 Town has occurred since the date of the Loan Agreement, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the Town is in compliance with the Loan Agreement.

11. **TRUTH AND ACCURACY:** As of the date hereof, Lawrence Thompson, Mayor and Carolyn Rowe, Recorder hereby certify that the copies of the below-listed documents previously or on the date hereof certified by them as being true, accurate and complete copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended or changed in any way.

12. **SPECIMEN BOND:** Attached hereto as Exhibit A is a specimen of the Bond which, except as to execution and authentication, are identical in all respects with such Bond this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

13. **BOND PROCEEDS:** On the date hereof, the Town received \$39,468.00 from the Authority and the BPH, being a portion of the principal amount of the Series 1999 A Bonds, and more than a de minimus amount of the proceeds of the Bonds. The balance of the principal amount of each series of Bonds will be advanced to the Town from time to time as construction of the Project progresses.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Ordinance, an abstract thereof, determined by the Council to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Wayne County News, a newspaper published and of general circulation in the Town, together with a notice to all persons concerned, stating that the Ordinance had been adopted and that the Town contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at the regular meeting of Council held at 6:00 p.m., prevailing time, on July 6, 1999, in the Council Chambers, 3407 Wayne Street, Fort Gay, West Virginia, and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Town for review by interested parties during the office hours of the Town. At such hearing all objections and suggestions were heard by the Council and the Ordinance became finally adopted, enacted and effective as of the date of such public hearing and remains in full force and effect.

15. **LAND AND RIGHTS-OF-WAY:** All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Town and are adequate for such purposes and are not or will not

be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Town to pay for the same without jeopardizing the security of or payments on the bonds.

16. **PUBLIC SERVICE COMMISSION ORDER:** The Town has received the Final Order of the Public Service Commission of West Virginia entered on June 15, 1999, in Case No. 99-0189-W-CN, among other things, granting to the Town a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time of appeal of the Final Order has expired prior to the date hereof without any appeal.

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

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

WITNESS our signatures and the official corporate seal of the Town of Fort Gay,
West Virginia as of this 19th day of July, 1999.

[SEAL]

Signature

Official Title

Paula Thomas

Mayor

Carolyn Lewis

Recorder

JB Morrone III

Attorney

CHASFS3:147149

EXHIBIT A
Specimen of Bond

NUMBER
AR-1



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WAYNE
TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1

\$305,000

KNOW ALL MEN BY THESE PRESENTS: That TOWN OF FORT GAY, a municipal corporation of the State of West Virginia, in Wayne County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), or registered assigns, the sum of Three Hundred Five Thousand Dollars (\$305,000), or such lesser amount as is set forth on the Record of Advances attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year beginning June 1, 2000, as set forth on the "Schedule of Debt Service" attached as Exhibit B hereto and incorporated herein by reference, with no interest. The DWTRF Administrative Fee (as defined in the hereinafter-described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning June 1, 2000, as set forth on Exhibit B.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the 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 as otherwise provided by the Loan Agreement dated July 6, 1999, among the Issuer and the Authority, on behalf of the BPH.

This Bond is issued (i) to pay costs of acquisition and construction of a certain additions, extensions, betterments and improvements to the existing water treatment facilities of the Issuer (the "Project") and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and

SPECIMEN

statutes of the State of West Virginia, including particularly Chapter 8, Article 19 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly passed by the Issuer on June 15, 1999, effective July 6, 1999, and a Supplemental Resolution adopted by the Issuer on July 6, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of a lien on the Gross Revenues to be derived from the operation of the System, moneys in the Series 1999 A Reserve Account created under the Bond Legislation and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, thereon except from said special fund provided from the Gross Revenues, the moneys in the Series 1999 A Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient 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 amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds payable from such Gross Revenues, provided however, that so long as there exists in the Series 1999 A Reserve Account an amount equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in any succeeding fiscal year, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds, for the terms of which, reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Bond Legislation, only upon the books of The Matewan National Bank, Williamson, (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or 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.

This Bond, under the provision of the Act is, and has provided all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation 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 owner of this Bond.

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

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

SPECIMEN

[Remainder of this page intentionally left blank]

SPECIMEN

IN WITNESS WHEREOF, the Town of Fort Gay has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated July 19, 1999.

[SEAL]

Pamela Thompson

Mayor

"SPECIMEN"

ATTEST:

Carolyn Leune
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Original Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

THE MATEWAN NATIONAL BANK,
as Registrar

By _____
Its Authorized Officer

"SPECIMEN"

Dated: July 19, 1999

EXHIBIT A

RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$39,468.00		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
Total \$ _____			

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Total P+I
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	2,542.00	-	2,542.00
9/01/2000	2,542.00	-	2,542.00
12/01/2000	2,542.00	-	2,542.00
3/01/2001	2,542.00	-	2,542.00
6/01/2001	2,542.00	-	2,542.00
9/01/2001	2,542.00	-	2,542.00
12/01/2001	2,542.00	-	2,542.00
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9/01/2006	2,542.00	-	2,542.00
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9/01/2008	2,542.00	-	2,542.00
12/01/2008	2,542.00	-	2,542.00
3/01/2009	2,542.00	-	2,542.00
6/01/2009	2,542.00	-	2,542.00
9/01/2009	2,542.00	-	2,542.00
12/01/2009	2,542.00	-	2,542.00
3/01/2010	2,542.00	-	2,542.00
6/01/2010	2,542.00	-	2,542.00
9/01/2010	2,542.00	-	2,542.00
12/01/2010	2,542.00	-	2,542.00
3/01/2011	2,542.00	-	2,542.00

EXHIBIT B

SPECIMEN

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Coupon	Total P+I
6/01/2011	2,542.00	-	2,542.00
9/01/2011	2,542.00	-	2,542.00
12/01/2011	2,542.00	-	2,542.00
3/01/2012	2,542.00	-	2,542.00
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6/01/2016	2,542.00	-	2,542.00
9/01/2016	2,542.00	-	2,542.00
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3/01/2018	2,542.00	-	2,542.00
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3/01/2021	2,541.00	-	2,541.00
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9/01/2021	2,541.00	-	2,541.00
12/01/2021	2,541.00	-	2,541.00
3/01/2022	2,541.00	-	2,541.00
6/01/2022	2,541.00	-	2,541.00
9/01/2022	2,541.00	-	2,541.00
12/01/2022	2,541.00	-	2,541.00

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

SPECIMEN

SPECIMEN

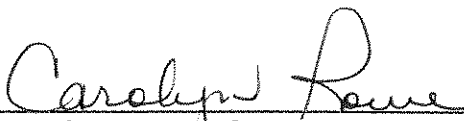
TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

CERTIFICATE OF TOWN RECORDER
AS TO TRUTH AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Carolyn Rowe, Recorder of the Town of Fort Gay, West Virginia (the "Town"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of \$305,000 in principal amount of the Town of Fort Gay Water Revenue Bonds, Series 1999 A (the "Bonds") are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the Town, that said documents have been duly adopted, enacted or entered by the Council of said Town, 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, amendment or modification is also listed below:

1. Oaths of Office of Mayor, Recorder and Council Members.
2. Rate Ordinance.
3. Minutes of the June 1, 1999, regular meeting of the Council of the Town, wherein the Bond Ordinance (the "Ordinance") was introduced.
4. Minutes of the June 15, 1999, regular meeting of the Council of the Town, wherein the Ordinance was passed.
5. Minutes of the July 6, 1999, regular meeting at the Council of the Town, wherein a public hearing on the Ordinance was held and the Supplemental Resolution was adopted.
6. The Ordinance enacted by the Council of the Town on July 6, 1999.
7. The Supplemental Resolution adopted by the Council of the Town on July 6, 1999, putting the Ordinance into effect; awarding the Town's Water Revenue Bonds, Series 1999 A, in the aggregate principal amount of \$305,000; and fixing other matters.
8. Loan Agreement dated July 6, 1999, between the Town, the West Virginia Water Development Authority on behalf of the West Virginia Bureau of Public Health.

WITNESS my signature and the official seal of the Town of Fort Gay, West Virginia, as of the 19th day of July, 1999.


Recorder, Town of Fort Gay

(SEAL)

CHASFS3:149275

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

CERTIFICATE AS TO COVERAGE

I, Ralph Morgan, have reviewed the existing rates and charges for water service duly adopted by the Town of Fort Gay, West Virginia (the "Town"), the projected operation and maintenance expenses for the Town's existing water collection and treatment system (the "System"), and the anticipated customer usage as furnished by S & S Engineers, Inc., Consulting Engineers, Charleston, West Virginia. It is my opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the System, will pay for all reasonable expenses of operation, repair and maintenance of the System and leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of debt service on the Town's Water Revenue Bonds, Series 1999 A (the "Bonds"), issued pursuant to a Bond Ordinance passed by the Common Council of the Town on June 15, 1999, effective July 6, 1999, and are sufficient to comply with the provisions of the Loan Agreement by and between the Town and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health, for the Bonds.


RALPH MORGAN

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 19th day of July, 1999, by and between the TOWN OF FORT GAY, WEST VIRGINIA, a municipal corporation (the "TOWN"), and THE MATEWAN NATIONAL BANK, Williamson, West Virginia (the "Registrar").

WHEREAS, the Town has, contemporaneously with the execution hereof, issued and sold its \$305,000 the Town of Fort Gay Water Revenue Bonds, Series 1999 A (the "Bonds"), in the form of one bond, numbered AR-1, in fully registered form pursuant to a Bond Ordinance duly passed June 15, 1999, effective July 6, 1999, and a Supplemental Resolution adopted July 6, 1999 (collectively, the "Ordinance");

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

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

WHEREAS, the Town 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 Town and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar, for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Town advises it of and with generally accepted industry standards.

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Town hereby agrees to pay to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

6. The Town and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Ordinance will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective address:

Town:

Town of Fort Gay
3407 Wayne Street
Fort Gay, WV 25514
Attention: Mayor

REGISTRAR:

The Matewan National Bank
Third Ave. & Vinton St.
Post Office Box 100
Williamson, WV 25661
Attention: Corporate Trust

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

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

IN WITNESS WHEREOF, the TOWN OF FORT GAY and THE MATEWAN BANK, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF FORT GAY

By Laurence Thompson
Mayor

THE MATEWAN NATIONAL BANK

By: Tranquilla White
Its Authorized Officer

CHASFS3:147177

EXHIBIT A

See Bond Ordinance (Tab No. 7)
See Supplemental Resolution (Tab No.8)

THE TOWN OF FORT GAY

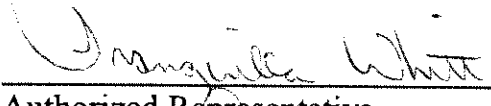
Water Revenue Bonds,
Series 1999 A
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Matewan National Bank, a state banking association with its principal office in Williamson, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Fort Gay Water Revenue Bonds, Series 1999 A (West Virginia DWTRF Program), dated July 19, 1999, in the principal amount of \$305,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

Witness my signature this 19th day of July, 1999.

THE MATEWAN NATIONAL BANK



Authorized Representative

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

The Community Trust Bank, with its office in Fort Gay, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Fort Gay, West Virginia duly passed on June 15, 1999, effective July 6, 1999, and the Supplemental Resolution adopted July 6, 1999 (collectively, the "Ordinance"), authorizing issuance of the Town of Fort Gay Water Revenue Bonds, Series 1999 A, in the aggregate principal amount of \$305,000, dated July 19, 1999 and agrees to perform all duties of Depository Bank, all as set forth in said Ordinance.

Witness my signature as of the 19th day of July, 1999.

COMMUNITY TRUST BANK

By Sandra K. Mills
Its Authorized Officer

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

July 19, 1999

The Matewan National Bank
Third Ave. & Vinton St.
Post Office Box 100
Williamson, WV 25661

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$305,000 Water Revenue Bonds, Series 1999 A, in the form of one bond numbered AR-1 (the "Bonds") of the Town of Fort Gay, West Virginia (the "Town"), authorized to be issued under and pursuant to the Bond Ordinance, duly passed by the Council of the Town on June 15, 1999, effective July 6, 1999, and a Supplemental Resolution adopted by the Council on July 6, 1999 (collectively, the "Ordinance").

You are hereby requested and authorized to register, authenticate and deliver the Bonds on behalf of the Town to the West Virginia Water Development Authority.

TOWN OF FORT GAY

By *Paula Thompson*
Mayor

(SEAL)

Attest:

Carolyn Lowe
Recorder, Town of Fort Gay

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

CERTIFICATE OF REGISTRATION OF BONDS

I, Tranquilla Whitt, Vice President of The Matewan National Bank, Williamson, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 19th day of July, 1999, the bonds of the Town of Fort Gay, West Virginia in the principal amount of \$305,000, designated the "Town of Fort Gay Water Revenue Bonds, Series 1999 A" (the "Bonds"), and numbered AR-1, dated as of the date hereof, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Town kept for that purpose at our office, by a duly authorized officer on behalf of The Matewan National Bank, Williamson, West Virginia, as Registrar.

WITNESS my signature as of the 19th day of July, 1999.

THE MATEWAN NATIONAL BANK, as
Registrar

By Tranquilla Whitt
Its Authorized Representative

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

RECEIPT FOR BONDS

The undersigned, Barbara B. Meadows, Secretary-Treasurer of the West Virginia Water Development Authority, for and on behalf of the West Virginia Water Development Authority (the "Authority"), hereby certifies as follows:

1. On the 19th day of July, 1999, in Charleston, West Virginia, the Authority received the entire original issue of \$305,000 in aggregate principal amount of the Town of Fort Gay Water Revenue Bonds, Series 1999 A (the "Bonds"), said Bond being dated the 19th day of July, 1999; and issued in the form of one bond, fully registered to the Authority, and numbered AR-1.

2. At the time of receipt of each series of Bonds, they had been executed by Lawrence Thompson, as Mayor of the Town of Fort Gay, by manual signature, and attested by Carolyn Rowe, as Recorder of the Town of Fort Gay, by manual signature, and the official seal of said Town had been impressed upon each Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 19th day of July, 1999.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B Meadows
Secretary-Treasurer

TOWN OF FORT GAY
WATER REVENUE BONDS, SERIES 1999 A

RECEIPT FOR BOND PROCEEDS

The undersigned Lawrence Thompson, Mayor of the Town of Fort Gay (the "Town"), hereby certifies as follows:

1. The Town has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the \$305,000 Town of Fort Gay Water Revenue Bonds, Series 1999 A (the "Bonds"), of \$39,467.50, being more than a de minimis portion of the purchase price of the Bonds. The Town understands that the remaining proceeds will be advanced to the Town from time to time as design proceeds to completion.

IN WITNESS WHEREOF, the Town of Fort Gay has caused this receipt to be executed by its Mayor on this 19th day of July, 1999.

TOWN OF FORT GAY

By Lawrence Thompson
MAYOR

CHASFS3:149274

WV MUNICIPAL BOND COMMISSION

Suite 300 - L & S Building
12 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: July 19, 1999

ISSUE: \$305,000 Town of Fort Gay Water Revenue Bonds, Series 1999 A

ADDRESS: Post Office Box 336, Fort Gay, WV 25514 COUNTY: Wayne

PURPOSE OF ISSUE: New Money X

Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: July 19, 1999

CLOSING DATE: July 19, 1999

ISSUE AMOUNT: \$305,000

RATE: 0%

1st DEBT SERVICE DUE: June 1, 2000

1st PRINCIPAL DUE: June 1, 2000

1st DEBT SERVICE AMOUNT: \$ 2,542.00

PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly PLLC

Contact Person: Samme L. Gee, Esquire

Phone: (304) 340-1318

UNDERWRITERS

BOND COUNSEL: N/A

Contact Person: _____

Phone: _____

(DEPOSITORY)

CLOSING BANK: The Community Trust Bank

Contact Person: Sandy Mills

Phone: (304) 648-7200

ESCROW TRUSTEE: N/A

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Lawrence Thompson

Position: Mayor

Phone: (304) 648-5246

OTHER: The Matewan National Bank

Contact Person: Tranquilla Whitt

Function: Registrar

Phone: (304) 235-1544

DEPOSITS TO MBC AT CLOSE:

By _____ Wire _____ Accrued Interest: \$ _____
_____ Check(s) _____ Capitalized Interest: \$ _____
_____ Reserve Account: \$ _____
_____ Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: \$ _____

NOTES:**FOR MUNICIPAL BOND COMMISSION USE ONLY:**

Documents Required: _____

Transfers Required: _____

JACKSON & KELLY PLLC

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000 • TELECOPIER 304-340-1130

<http://www.jacksonkelly.com>

300 FOXGROFT AVENUE
MARTINSBURG, WEST VIRGINIA 25401
TELEPHONE 304-263-8800

258 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
TELEPHONE 304-455-1751

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
TELEPHONE 304-599-3000

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-2000

1144 MARKET STREET
WHEELING, WEST VIRGINIA 26003
TELEPHONE 304-233-4000

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-390-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40585
TELEPHONE 806-255-5500

2401 PENNSYLVANIA AVENUE N.W.
WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

MEMBER OF LEX MUNDI
THE WORLD'S LEADING ASSOCIATION
OF INDEPENDENT LAW FIRMS

July 19, 1999

Town of Fort Gay
Post Office Box 336
Fort Gay, WV 25514

State of West Virginia
Department of Health and Human Resources
Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, WV 25301

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

Re: \$305,000 Town of Fort Gay Water Revenue Bonds, Series 1999 A
(West Virginia DWTRF Program)

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Fort Gay (the "Town"), a municipal corporation and a political subdivision organized and existing under the laws of the State of West Virginia.

We have examined the law and certified copies of proceedings and other papers relating to (i) the authorization of a loan agreement dated July 6, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Town and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") and (ii) the issue of a series of revenue bonds of the Town, dated July 19, 1999 (the "Bonds"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are in the principal amount of \$305,000, issued in the form of one bond registered as to principal to the Authority, with no interest, and with principal installments payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing June 1, 2000, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part

of the Bonds. The Bonds are also subject to the payment of an Administrative Fee payable to the Authority as set forth on Schedule Y to the Loan Agreement.

The Bonds are issued for the purpose of paying a portion of the costs of certain betterments and improvements for the existing water system of the Town (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Code of West Virginia, 1931, as amended, including particularly, Chapter 8, Article 19 and Chapter 16, Article 13C (collectively, the "Act"), and the Bond Ordinance duly passed by the Town on June 16, 1999, effective July 6, 1999, and supplemented by a Supplemental Resolution adopted on July 6, 1999 (collectively, the "Ordinance"), pursuant to and under which the Act and Ordinance the Bonds are authorized and issued, and the Loan Agreement has been undertaken. 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 Loan Agreement.

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

1. The Loan Agreement has been duly authorized by and executed on behalf of the Town and is a valid and binding special obligation of the Town enforceable in accordance with the terms thereof.
2. The Loan Agreement inures to the benefit of the Authority and the BPH and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Town without the consent of the Authority and the BPH.
3. Having found no independent evidence to support or contradict the existence of a charter of the Town, we are relying on the opinion of local counsel that the Town is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia. In reliance on this opinion, we are of the opinion that the Town has full power and authority to construct the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act and other applicable provisions of law.
4. The Town has legally and effectively enacted the Ordinance and adopted all other necessary resolutions in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Town enforceable against the Town in accordance with their terms. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

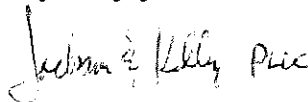
5. The Bonds have been duly authorized, issued, executed and delivered by the Town to the Authority and are valid and legally enforceable and binding special obligations of the Town, payable from the Gross Revenues of the System referred to in the Ordinance and secured by a first lien on and pledge of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

6. The Bonds are, under the Ordinance, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

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

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

Very truly yours,



JACKSON & KELLY PLLC

George B. Morrone, III

Attorney at Law

1409 Chestnut Street

Kenova, West Virginia 25530

Telephone: (304) 453-3626

Telecopier: (304) 453-6813

July 19, 1999

Town of Fort Gay
Post Office Box 336
Fort Gay, West Virginia 25514

State of West Virginia
Department of Health and Human Resources
Bureau for Public Health
815 Quarrier Street, Suite 418
Charleston, West Virginia 25301

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

Jackson & Kelly PLLC
Post Office Box 553
Charleston, West Virginia 25322

RE: \$305,000 Town of Fort Gay
Water Revenue Bonds Series 1999 A
(West Virginia DWTRF Program)

Ladies and Gentlemen:

I am the Town Attorney for the Town of Fort Gay in Wayne County, West Virginia (the "Town"). As such counsel, I have examined copies of the approving opinion of Jackson & Kelly PLLC, as bond counsel, relating to the above-captioned bonds of the Town (the "Bonds"), the Loan Agreement between the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau of Public Health (the "BPH"), and the Town dated July 6, 1999, for the Bonds (the "Loan Agreement"), and a Bond Ordinance duly passed by the Council (the "Council") of the Town on June 15, 1999, effective July 6, 1999, as supplemented by a Supplemental Resolution adopted July 6, 1999 (collectively, the "Ordinance"), and other documents relating to the Bonds. All capitalized terms used herein and not

**Town of Fort Gay • Bureau for Public Health
West Virginia Water Development Authority • Jackson & Kelly PLLC
July 19, 1999 • Page 2**

otherwise defined have the same meanings set forth in the Loan Agreement and the Ordinance.

I am of the opinion that:

1. The Town is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to design, construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Local Statute and other applicable provisions of law.

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

3. The members and officers of the Council of the Town (the "Council"), both at the time the Ordinance was passed and as of the date hereof, have been duly, lawfully and properly elected, have taken the requisite oaths, and are authorized to set in their respective capacities on behalf of the Town.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the 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 Town, a breach or default under any agreement, document or instrument to which the Town is party of by which the Town or its properties are bound or any existing law, regulation, rule, order or decree to which the Town is subject.

6. The Town has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Town, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges, including, without limitation, all requisite orders, consents, certificates and approvals from The County Commission of Wayne County, the West Virginia Infrastructure and Jobs Development Council and the Public Service Commission of West Virginia, if required, and the Town has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Town has received the Recommended Decision of the Public Service Commission of West Virginia (the "Commission") entered on May 24, 1999, which became a Final Order of the Commission on June 13, 1999, granting to the Town a certificate of public convenience and necessity for the Project and approving the financing for the Project.

7. The Town has duly published a notice of the Project, the Issuance of the Bonds and related matters, as required under the Act and has duly complied with the provisions thereof.

**Town of Fort Gay • Bureau for Public Health
West Virginia Water Development Authority • Jackson & Kelly PLLC
July 19, 1999 • Page 3**

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

9. Based upon my review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, I am of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amounts to protect the various interest of the Town; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Ordinance and the Loan 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.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "GBMorrone III", written in a cursive style.

George B. Morrone, III

GBMIII/hs

STEPHEN LEWIS

ATTORNEY AT LAW
POST OFFICE BOX 7
522 CLEVELAND STREET
WAYNE, WEST VIRGINIA 25570

PHONE (304) 272-3950
FAX (304) 272-9093

July 19, 1999

Katy Mallory, P.E.
West Virginia Bureau for Public Health
Office of Environmental Health
815 Quarrier Street, Suite 418
Charleston, WV 25301-2616

Re: Town of Fort Gay
Raw Water Intake and Settling Basin Project
DWTRF Project No. 97DWTRF002

Dear Ms. Mallory:

I represent the Town of Fort Gay (the "Town") with regard to a proposed project to construct a raw water intake and settling basin in connection with the Town's existing water treatment and distribution system (the "Project"), and provide this final title opinion on behalf of the Town to satisfy the requirements of the West Virginia Bureau for Public Health (the "BPH") with regard to the Drinking Water Treatment Revolving Fund financing proposed for the project. Please be advised of the following:

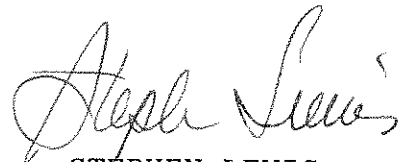
1. That I have investigated and ascertained the location of and am familiar with the legal description of the necessary sites, including easements and/or rights of way, if any, required for the project as set forth in the plans for the project prepared by S&S Engineers, Inc., the consulting engineers for the project.

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

NONE

3. That all deeds or other documents which have been acquired to date by the Town have been duly recorded in the aforesaid Clerk's office in order to protect the legal title to and interest of the Town.

Sincerely,



STEPHEN LEWIS

SL/et