

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

Date of Closing: February 13, 2001

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BOND ORDINANCE

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ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF KEYSER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN FIVE HUNDRED TWENTY-THREE THOUSAND SEVENTY-TWO DOLLARS (\$523,072.00) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ENACTED AND ORDAINED BY THE COMMON COUNCIL OF THE CITY OF KEYSER:

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ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. City of Keyser (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State.

B. The Issuer presently owns and operates a public sewerage system. On November 15, 1999, the Issuer enacted a Bond and Interim Financing Ordinance approving the acquisition and construction of certain additions, betterments and improvements to the Issuer's public sewerage facilities and the financing of a portion of the costs thereof with proceeds of the Series 1999 Bonds, as hereinafter defined. It is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additional additions, betterments and improvements to the Issuer's existing public sewerage facilities to complete the project approved in 1999. The additions, betterments, and improvements to the Issuer's existing public sewerage facilities approved in 1999, together with the additional additions, betterments and improvements to complete the foregoing are described in Exhibit A hereto (collectively, the "Project") (the Issuer's existing sewerage facilities, the Project and any further additions thereto or extensions thereof are herein called the "System") in accordance with the plans and specifications prepared by the Consulting Engineers (hereinafter defined), which plans and specifications have heretofore been filed with the Issuer.

C. The acquisition and construction of the System was financed in part with the proceeds from \$970,000 in principal amount of the Issuer's Sewer Revenue Bonds, Series 1980 (the "Series 1980 Bonds"), issued on September 14, 1981, authorized pursuant to a Bond Ordinance enacted by the Issuer on June 4, 1980, as supplemented and amended (the "Series 1980 Bonds Ordinance"); \$1,647,465 in principal amount of the Issuer's Sewer Revenue Bonds, Series 1986 (the "Series 1986 Bonds"), issued on August 29, 1986, authorized pursuant to the Bond Ordinance enacted by the Issuer on July 14, 1986, as supplemented and amended (the "Series 1986 Bonds Ordinance"); and \$5,753,801 in principal amount of the Issuer's Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (the "Series 1999 Bonds"), issued on November 16, 1999, authorized pursuant to the Bond and Interim Financing Ordinance enacted by the Issuer on November 15, 1999, as supplemented and amended (the "Series 1999 Bonds Ordinance") (the Series 1980 Bonds Ordinance, the Series 1986 Bonds Ordinance and the Series 1999 Bonds Ordinance are collectively referred to herein as the "Prior Ordinances").

D. The Issuer derives revenues from the System, and, except for the pledges thereof to secure and pay the Series 1980 Bonds, the Series 1986 Bonds and the Series 1999 Bonds (collectively, the "Prior Bonds"), said revenues are not pledged or encumbered in any manner.

E. The estimated maximum cost of the construction and acquisition of the Project and issuance of the Series 1999 Bonds and Series 2001 Bonds, as hereinafter defined, remaining to be paid after application of the proceeds of the Series 1999 Bonds and the \$261,500 of excess revenues of the System described in Section 1.02E of the Series 1999 Bonds Ordinance is \$523,072, which will be permanently financed with the proceeds of the Issuer's Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) (the "Series 2001 Bonds") herein authorized.

F. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest, if any, on the Series 2001 Bonds and the Prior Bonds, and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Ordinances.

G. It is further deemed necessary for the Issuer to issue the Series 2001 Bonds, in the total aggregate principal amount of not more than \$523,072, to permanently finance a portion of the costs of acquisition and construction of the Project not paid with the proceeds of the Series 1999 Bonds or other available sources. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2001 Bonds prior to and during construction and acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1999 and 2001 Bonds Reserve Account, as hereinafter defined; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2001 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2001 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

H. The period of usefulness of the System after completion of the Project is not less than 25 years.

I. It is in the best interest of the Issuer that its Series 2001 Bonds be issued and sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental

Protection, a division of the West Virginia Bureau of Environment (the "DEP"), the execution, delivery and form of which are ratified and approved herein.

J. The Issuer has met the requirements of the Prior Ordinances for the issuance of the Series 2001 Bonds on a parity with the Prior Bonds. Prior to the issuance of the Series 2001 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the parity test of the Series 1986 Bonds Ordinance and Series 1999 Bonds Ordinance have been met and (ii) the written consents from the Holders of the Prior Bonds to the issuance of the Series 2001 Bonds on a parity with the lien of the Prior Bonds. Other than the Prior Bonds, there are no outstanding bonds or other obligations of the Issuer which are secured by revenues or assets of the System.

K. The Series 2001 Bonds shall be issued with a lien on the Net Revenues, as hereinafter defined, on a parity with the lien held by the Holders of the Prior Bonds.

L. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2001 Bonds or will have so complied prior to issuance of any thereof, including, among other things, the approval by the Council (as hereinafter defined) of the Project and the financing thereof and the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which has expired prior to the issuance of the Series 2001 Bonds or has been waived by all necessary parties.

M. The Sanitary Board of the Issuer has presented a petition to the Issuer for enactment of this Bond Legislation.

N. The Issuer has received the consent of the Authority, as the Holder of all of the Outstanding Series 1999 Bonds, to the Series 1999 Bonds Reserve Account created by the Series 1999 Bonds Ordinance also serving as a debt service reserve account for the Series 2001 Bonds. The Series 1999 Bonds Reserve Account shall hereafter be referred to as the Series 1999 and 2001 Bonds Reserve Account and the Series 1999 Bonds Ordinance is hereby supplemented and amended to provide that the Series 1999 Bonds Reserve Account shall serve as the debt service reserve account for both the Series 1999 Bonds and the Series 2001 Bonds so long as such Bonds are Outstanding.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer

shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds, as the case may be, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

“Authority” means the West Virginia Water Development Authority, or any other agency of the State of West Virginia that succeeds to the functions of the Authority, which is expected to be the original purchaser and Registered Owner of the Series 2001 Bonds, acting in its administrative capacity and upon authorization from the DEP under the Act.

“Authorized Officer” means the Mayor or any acting Mayor duly appointed as such by the Governing Body.

“Bond Purchase Agreement” shall mean the Water Pollution Control Revolving Fund Bond Purchase Agreement heretofore entered into or to be entered into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2001 Bonds from the Issuer by the Authority, attached hereto as Exhibit B, the form of which is approved, and the execution and delivery by the Issuer are authorized and directed by Section 3.11 hereof and by the Supplemental Resolution.

“Bondholder,” “Holder of the Bonds,” “Holder” or any similar term whenever used herein with respect to an outstanding Bond or Bonds, means the person in whose name such Bond is registered.

“Bond Legislation,” “Ordinance,” “Bond Ordinance” or “Local Act” means this Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

“Bonds” means, collectively, the Prior Bonds, the Series 2001 Bonds and, where appropriate, any Bonds on a parity therewith authorized to be issued hereunder or by another ordinance of the Issuer.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the Series 2001 Bonds in substantially the form set forth in the bond form contained herein.

“Closing Date” means the date upon which there is an exchange of the Series 2001 Bonds for an advance of more than a de minimis amount of the principal of the Series 2001 Bonds from the Authority and the DEP.

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

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

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

“Consulting Engineers” means Rummel, Klepper & Kahl, LLP, and Chester Engineers, or any professional engineer or firm of professional engineers, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political subdivisions, that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended.

“Costs” or “Costs of the Project” means those costs described in Section 1.02 G hereof to be a part of the cost of acquisition and construction of the Project.

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

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

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

“Event of Default” means any occurrence or event specified in Section 9.01.

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

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

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

“Government Obligations” means direct obligations of, or obligations the timely payment of the principal of and interest on which is guaranteed by, the United States of America, including without limitation (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” means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that “Gross Revenues” does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Section 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

“Issuer” means City of Keyser, a municipal corporation and political subdivision of the State of West Virginia, in Mineral County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer, the Sanitary Board and any other commission, board or department established by the Issuer to operate and maintain the System.

“Mayor” means the Mayor of the Issuer.

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

“Notes” means the line of credit notes of the Issuer described in Section 4.01 hereof.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those

capitalized as part of the Costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Prior Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the West Virginia Municipal Bond Commission, or such entity or authority as may be designated by the Issuer with the consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1980 Bonds, the Series 1986 Bonds and the Series 1999 Bonds.

"Prior Bonds Reserve Accounts" means the Reserve Account or Accounts established for the Series 1980 Bonds and Series 1986 Bonds in the Series 1980 Bonds Ordinance and Series 1986 Bonds Ordinance, respectively.

"Prior Bonds Sinking Funds" means the Sinking Fund or Funds established for the Prior Bonds in the Prior Ordinances.

"Prior Ordinances" means, collectively, the Series 1980 Bonds Ordinance, the Series 1986 Bonds Ordinance and the Series 1999 Bonds Ordinance.

"Project" means the project described in Exhibit A attached hereto, constituting additions, betterments and improvements to the existing sewerage system of the Issuer.

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

A. Government Obligations;

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

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

D. Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

E. Money market funds or similar funds whose only assets are investments of the type described in paragraphs (A) through (D) above;

F. Repurchase agreements, fully secured by investments of the types described in paragraphs (A) through (D) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

G. The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Recorder" means the Recorder, City Clerk, or City Administrator of the Issuer.

“Registered Owner,” “Bondholder,” “Holder” or any similar term means whenever used herein with respect to an outstanding Bond, the person in whose name such Bond is registered.

“Registrar” means the Bond Registrar.

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established by the Prior Ordinances and continued by Section 5.01 hereof.

“Reserve Accounts” means, collectively, the Prior Bonds Reserve Accounts and the Series 1999 and 2001 Bonds Reserve Account.

“Reserve Requirement” means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Bonds.

“Revenue Fund” means the Revenue Fund established by the Prior Ordinances and continued by Section 5.01 hereof.

“Sanitary Board” means the Sanitary Board of the Issuer heretofore established by an ordinance duly enacted by the Issuer and any successor to the functions thereof.

“Series 1980 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 1980, dated September 14, 1981, issued in the original principal amount of \$970,000.

“Series 1980 Bonds Ordinance” means the Bond Ordinance enacted by the Issuer on June 4, 1980, authorizing, among other things, the issuance of the Series 1980 Bonds, as supplemented and amended.

“Series 1986 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original principal amount of \$1,647,465.

“Series 1986 Bonds Ordinance” means the Bond Ordinance enacted by the Issuer on July 14, 1986, authorizing the issuance of the Series 1986 Bonds, as supplemented and amended.

“Series 1999 Bonds” means the Issuer’s Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated November 16, 1999, issued in the original principal amount of \$5,753,801.

“Series 1999 Bonds Ordinance” means the Bond and Interim Financing Ordinance enacted by the Issuer on November 15, 1999, authorizing the issuance of the Series 1999 Bonds, as supplemented and amended.

“Series 1999 and 2001 Bonds Reserve Account” means the Series 1999 Bonds Reserve Account established in the Series 1999 Bonds Sinking Fund pursuant to Section 5.02 of the Series 1999 Bonds Ordinance, which is to serve as the debt service reserve account for both the Series 1999 Bonds and the Series 2001 Bonds.

“Series 1999 and 2001 Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 1999 and Series 2001 Bonds in the then concurrent or any succeeding year.

“Series 2001 Bonds” means the not more than \$523,072 in aggregate principal amount of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, authorized by this Ordinance.

“Series 2001 Bonds Construction Trust Fund” means the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof.

“Series 2001 Bonds Sinking Fund” means the Series 2001 Bonds Sinking Fund established by Section 5.02 hereof.

“Sinking Funds” means, collectively, the Prior Bonds Sinking Funds and the Series 2001 Bonds Sinking Fund.

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

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

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

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2001 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 Bonds and not so included may be included in another Supplemental Resolution.

“Surplus Revenues” means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior Bonds or any other obligations of the Issuer, as further defined in Section 5.03(D) hereof.

“System” means the complete properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, of the Issuer, and any improvements or extensions thereof, both within and without said Issuer.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$6,538,373, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2001 Bonds hereby authorized shall be applied as provided in Article VI hereof.

The Issuer has received bids or entered into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program. The Issuer has entered into a contract or contracts for the acquisition and construction of the Project prior to the issuance of the Series 2001 Bonds.

The cost of the Project is estimated not to exceed \$6,538,373, which is to be paid as follows: \$523,072 from the proceeds of the Series 2001 Bonds, \$5,753,801 from the proceeds of the Series 1999 Bonds and \$261,500 from the excess revenues of the System described in Section 1.02E of the Series 1999 Bonds Ordinance.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2001 Bonds, funding a reserve account for the Series 2001 Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2001 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2001 Bonds of the Issuer, in an aggregate principal amount of not more than \$523,072. The Series 2001 Bonds shall be issued as a single bond, to be designated "Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)," in the aggregate principal amount of not more than \$523,072, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2001 Bonds remaining after the funding of the Series 1999 and 2001 Bonds Reserve Account (if funded from the Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2001 Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2001 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2001 Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2001 Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2001 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2001 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2001 Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution or by a separate bond ordinance. The Bonds shall be dated as of the date specified in a Supplemental Resolution or separate bond ordinance and shall bear interest, if any, as provided in such Supplemental Resolution or separate bond ordinance.

Section 3.03. Execution of Bonds. The Series 2001 Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Recorder. In case any one or more of the officers who shall have signed or sealed any of the Series 2001 Bonds shall cease to be such officer of the Issuer before the Series 2001 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2001 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2001 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2001 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2001 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of said Series 2001 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bond shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 2001 Bonds remain Outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain the books for the registration and transfer of the Series 2001 Bonds.

The registered Series 2001 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing,

upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2001 Bonds or transferring the registered Series 2001 Bonds are exercised, Series 2001 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2001 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2001 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2001 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2001 Bonds or, in the case of any proposed redemption of Series 2001 Bonds, next preceding the date of the selection of Series 2001 Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2001 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1999 and 2001 Bonds Reserve Account. No holder or holders of any of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues, Lien Positions With Respect to Prior Bonds. The payment of the debt service of all the Series 2001 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the

Prior Bonds and the Series 2001 Bonds and to make the payments into the Sinking Funds and the Reserve Accounts therein, are hereby irrevocably pledged to the payment of the principal of and interest on the Prior Bonds and the Series 2001 Bonds as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2001 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2001 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 Bonds to the original purchasers;

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

D. An executed copy of the Bond Purchase Agreement; and

E. The approving opinion of bond counsel on the Series 2001 Bonds.

Section 3.10. Form of Series 2001 Bonds. The text of the Series 2001 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 2001 Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
SEWER REVENUE BOND,
SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That CITY OF KEYSER, a municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on _____, _____, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20____, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a SRF Administrative Fee payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP") and the Authority, dated _____, 20____.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWER REVENUE BONDS, SERIES 1980, OF THE ISSUER, DATED SEPTEMBER 14, 1981, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$970,000 (THE "SERIES 1980 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 1986, OF THE ISSUER, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,647,465 (THE "SERIES 1986 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED NOVEMBER 16, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$5,753,801 (THE "SERIES 1999 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1980 Bonds, the Series 1986 Bonds and the Series 1999 Bonds (collectively, the "Prior Bonds"), and from moneys in the Reserve Account created under the Bond Legislation for the Bonds and the Series 1999 Bonds (the "Series 1999 and 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 and 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity

with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1999 and 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1999 Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

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

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

IN WITNESS WHEREOF, CITY OF KEYSER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 20_____.

CITY OF KEYSER

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____.

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)
ASSIGNMENT

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

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

Dated: _____, 20_____.

In the presence of:

Section 3.11. Sale of Series 2001 Bonds; Approval and Ratification of Execution of Bond Purchase Agreement with Authority and DEP. The Series 2001 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement in the form attached hereto as "Exhibit B" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Series 2001 Bonds are Issued as Parity Bonds With Respect to Prior Bonds. The Series 2001 Bonds are issued as and shall constitute parity bonds with respect to the Prior Bonds. The Issuer has met the requirements of the Prior Ordinances for the issuance of the Series 2001 Bonds on a parity with the Prior Bonds and has received the written consent of the Holders of the Prior Bonds to the issuance of the Series 2001 Bonds on a parity with the Prior Bonds.

Section 3.13. "Amended Schedule A" Filing. Within sixty (60) days following the Completion Date, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- A. Revenue Fund (established by the Series 1980 Bonds Ordinance);
- B. Series 1980 Bonds Reserve Account (established by the Series 1980 Bonds Ordinance);
- C. Renewal and Replacement Fund (created by the Series 1986 Bonds Ordinance); and
- D. Series 2001 Bonds Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinances) with the Commission:

- A. Series 1986 Bonds Sinking Fund (established by the Series 1986 Bonds Ordinance);
- B. Within the Series 1986 Bonds Sinking Fund, the Series 1986 Bonds Reserve Account (established by the Series 1986 Bonds Ordinance);
- C. Series 1999 Bonds Sinking Fund (established by the Series 1999 Bonds Ordinance);
- D. Series 1999 and 2001 Bonds Reserve Account (established by the Series 1999 Bonds Ordinance as the Series 1999 Bonds Reserve Account); and
- E. Series 2001 Bonds Sinking Fund.

Section 5.03. System Revenues; Flow of Funds.

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other

funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

1. The Issuer shall first, each month, pay from the moneys in the Revenue Fund all Operating Expenses of the System.

2. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Series 1980 Bonds Ordinance for payment of interest on the Series 1980 Bonds; and (ii) remit to the Commission the amount required by the Series 1986 Bonds Ordinance for deposit in the Series 1986 Bonds Sinking Fund for payment of interest on the Series 1986 Bonds.

3. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amount required by the Series 1980 Bonds Ordinance for payment of principal of the Series 1980 Bonds; (ii) remit to the Commission the amount required by the Series 1986 Bonds Ordinance for deposit in the Series 1986 Bonds Sinking Fund for payment of principal of the Series 1986 Bonds; (iii) remit to the Commission the amount required by the Series 1999 Bonds Ordinance for deposit in the Series 1999 Bonds Sinking Fund for payment of principal of the Series 1999 Bonds; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2001 Bonds, remit to the Commission for deposit in the Series 2001 Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will mature and become due on the Series 2001 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 2001 Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

4. The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Series 1980 Bonds Ordinance to be deposited in the Series 1980 Bonds Reserve Account; (ii) remit to the Commission the amount required by the Series 1986 Bonds Ordinance to be deposited in the Series 1986 Bonds Reserve Account; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 Bonds, if not fully funded upon the issuance of the Series 1999 Bonds or Series 2001 Bonds, remit to the Commission for deposit in the Series 1999 and 2001 Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 and 2001 Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 and 2001 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 and 2001 Bonds Reserve Requirement.

5. The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, as previously set forth in the Series 1986 Bonds Ordinance and not in addition thereto, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the

Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any of the Reserve Accounts [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2001 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2001 Bonds as the same shall become due. Moneys in the Series 1999 and 2001 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1999 Bonds and the Series 2001 Bonds, as the same shall come due, when other moneys in the Series 1999 Bonds Sinking Fund and Series 2001 Bonds Sinking Fund are insufficient therefor, and for no other purpose; provided that, upon the occurrence of an Event of Default as described in Section 9.01 hereof, the moneys on deposit in the Series 1999 and 2001 Bonds Reserve Account shall be paid on the principal of the Series 1999 Bonds and the Series 2001 Bonds pro rata, based upon the respective amounts of principal Outstanding on said Series 1999 Bonds and Series 2001 Bonds, after application to the respective series of Bonds of the moneys on deposit in the Series 1999 Bonds Sinking Fund and the Series 2001 Bonds Sinking Fund, respectively.

All investment earnings on moneys in the Series 2001 Bonds Sinking Fund and Series 1999 and 2001 Bonds Reserve Account (if equal to at least the Series 1999 and 2001 Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2001 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing principal payment due on the Series 1999 Bonds, and then to the next ensuing principal payment on the Series 2001 Bonds.

Any withdrawals from the Series 1999 and 2001 Bonds Reserve Account which result in a reduction in the balance of the Series 1999 and 2001 Bonds Reserve Account to below the Series 1999 and 2001 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2001 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2001 Bonds Sinking Fund or into the Series 1999 and 2001 Bonds Reserve Account when the aggregate amount of funds in said Series 2001 Bonds Sinking Fund, the Series 1999 Bonds Sinking Fund and Series 1999 and 2001 Bonds Reserve Account are at least equal to the aggregate principal amount of the Series 1999 Bonds and Series 2001 Bonds then Outstanding and all interest to accrue until the respective maturities thereof.

Principal, interest and reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2001 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2001 Bonds Sinking Fund and the Series 1999 and 2001 Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2001 Bonds Sinking Fund and the Series 1999 and 2001 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2001 Bonds Sinking Fund shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2001 Bonds under the conditions and restrictions set forth herein. The Series 1999 and 2001 Bonds Reserve Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 1999 Bonds and the Series 2001 Bonds when the amounts in the Series 1999 Bonds Sinking Fund and the Series 2001 Bonds Sinking Fund, respectively, are not adequate to do so.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2001 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Bond Purchase Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of any or all of the Series 2001 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2001 Bonds, there shall first be deposited with the Commission in the Series 2001 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2001 Bonds for the period commencing on the date of issuance of the Series 2001 Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2001 Bonds, there shall be deposited with the Commission in the Series 1999 and 2001 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Series 1999 and 2001 Bonds Reserve Account.

C. Next, from the proceeds of the Series 2001 Bonds, there shall first be credited to the Series 2001 Bonds Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, together with interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

D. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2001 Bonds, such moneys shall be deposited with the Depository Bank in the Series 2001 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all Costs have been paid, any remaining proceeds of the Series 2001 Bonds shall be used to fund the Series 1999 and 2001 Bonds Reserve Account, if not funded upon issuance of the Series 1999 Bonds or the Series 2001 Bonds, in an amount not to exceed the Series 1999 and 2001 Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2001 Bonds be deposited in the Series 1999 and 2001 Bonds Reserve Account, and if any such proceeds remain after funding the Series 1999 and 2001 Bonds Reserve Account, the same shall be expended as directed by the Authority and DEP.

F. The Depository Bank shall act as a trustee and fiduciary for the Holder of the Series 2001 Bonds with respect to the Series 2001 Bonds Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Series 2001 Bonds Construction Trust

Fund set forth in the Bond Legislation. Moneys in the Series 2001 Bonds 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 Series 2001 Bonds.

Section 6.02. Disbursements From the Series 2001 Bonds Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2001 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 Series 2001 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and DEP of the following:

A. A "Payment Requisition Form," the form of which is attached to the Bond Purchase Agreement as Exhibit C, in compliance with the construction schedule; and

B. A certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

1. None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
2. 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;
3. Each of such costs has been otherwise properly incurred; and
4. Payment for each of the items proposed is then due and owing.

All payments made from the Series 2001 Bonds 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 Series 2001 Bonds 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 Series 2001 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Series 2001 Bonds Construction Trust Fund to the Series 1999 and 2001 Bonds Reserve Account, and when fully funded any such remaining moneys shall be expended as directed by the Authority and DEP.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2001 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 Series 2001 Bonds or the interest thereon, if any, is Outstanding and unpaid.

Section 7.02. Series 2001 Bonds not to be Indebtedness of the Issuer. The Series 2001 Bonds shall not be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory 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 of the Series 2001 Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Series 2001 Bonds or the interest, if any, thereon.

Section 7.03. Series 2001 Bonds Secured by Pledge of Net Revenues; Lien Positions With Respect to Prior Bonds. The payment of the debt service of the Series 2001 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2001 Bonds and to make the payments into all funds and accounts, and all other payments provided for in the Bond Legislation and the Prior Ordinances are hereby irrevocably pledged, in the manner provided herein, to such payments as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth, adopted and approved in the Ordinance enacted by the Issuer on January 28, 1999.

So long as the Series 2001 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges

initially established for the System in connection with the Series 2001 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2001 Bonds are Outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2001 Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 Bonds, immediately be remitted to the Commission for deposit in the Series 2001 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2001 Bonds. Any balance remaining after the payment of all the Series 2001 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07, so long as any of the Series 2001 Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2001 Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2001 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein at the time of the issuance of such subordinate obligations have been made and are current. Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Series 2001 Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds.

So long as any of the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the respective Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2001 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP or without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 Bonds, and must have the prior written consent of the Authority and the DEP.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or

refunding one or more series of the Prior Bonds and/or the Series 2001 Bonds, or both such purposes.

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

- (1) The Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the said Independent Certified Public Accountants on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall

comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

All Parity Bonds shall mature on the day of the years of maturities, and the interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2001 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 Series 2001 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Series 2001 Bonds and Prior Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

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

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this 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.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation, and that the Issuer's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also

provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

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

Section 7.09. Rates. Prior to the issuance of the Series 2001 Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 1999 and 2001 Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2001 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2001 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 Bonds, including the Prior Bonds.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. The Issuer, by the unanimous consent and approval of the Governing Body, may amend the budget during the subject Fiscal Year provided that the budget remains balanced after such amendment. If the budget is so amended, a copy of the amended budget shall be submitted to the Authority and the DEP within 15 days of the adoption of such amendment. After the adoption of any such amendment, the budget, as amended, shall be the budget of the Issuer for the balance of the subject Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers,

which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 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, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets, any amendments thereto and resolutions be furnished him or her and shall make available such budgets, any amendments thereto and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and agrees that it will retain such a certified operator to operate the System so long as the Series 2001 Bonds are Outstanding. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. 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 DEP, 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 Bond Purchase 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 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 will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Issuer shall carry such other insurance as is required by the Authority and DEP and as set forth in the Bond Purchase 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 verify such insurance prior to commencement of construction.

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

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

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

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

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System, and all approvals for issuance of the Series 2001 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance With Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with all copies submitted to the Authority.

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

Section 7.19. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.20. Covenants with Respect to Erosion and Wetlands. The Issuer covenants and agrees that the Project shall not contribute to excessive erosion of highly erodible land or conversion of wetlands to produce an agricultural commodity.

Section 7.21. Contracts; Public Releases. A. The Issuer shall, prior to or simultaneously with the delivery of the Series 2001 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds held in "contingency" as set forth in the amended schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2001 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

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 written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein, and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts, and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2001 Bonds as a condition to issuance of the Series 2001 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2001 Bonds as may be necessary in order to maintain the status of the Series 2001 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2001 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series

2001 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2001 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2001 Bonds:

A. If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2001 Bonds; or

B. If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part relating to the Series 2001 Bonds, set forth in this Bond Legislation, any supplemental resolution or in the Series 2001 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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; or

D. If default occurs with respect to the Prior Bonds or the Prior Ordinances.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Holders of the Bonds, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that all rights and remedies of the Holders of the Series 2001 Bonds shall be on a parity with the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Holder of a Bond, may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Holder of a Bond, shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the

acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other avenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2001 Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of all Series 2001 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2001 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to the issuance of the Series 2001 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2001 Bonds, no material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2001 Bonds shall be made without the consent in writing of the Holders of the Series 2001 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Holders of the Series 2001 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution, or the Series 2001 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed. In the event of any conflict between this Ordinance and the respective Prior Ordinances (so long as the respective Prior Bonds are Outstanding), the more restrictive provision shall control.

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

actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance, substantially in the form attached hereto as Exhibit C, which is determined by the Issuer to contain sufficient information as to give notice of the contents hereof, shall be published once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in a qualified newspaper published and of general circulation in the City of Keyser, together with the notice set forth therein stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2001 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than 10 days subsequent to the date of the first publication of the said abstract and notice, and present protests, and that a certified copy of the Ordinance is on file in the office of the Recorder for review by interested parties during the office hours of the Recorder.

At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Section 11.08. Effective Date. This Ordinance shall take effect following the public hearing described in Section 11.07 above.

Passed on First Reading

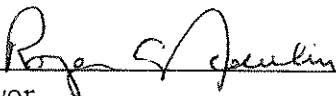
January 3, 2001

Passed on Second Reading

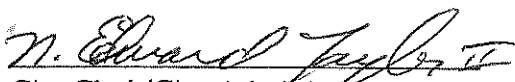
January 10, 2001

Effective following public
hearing held on

January 24, 2001



Mayor



City Clerk/City Administrator

Exhibit A

DESCRIPTION OF PROJECT

The acquisition and construction of certain additions, betterments and improvements to the Issuer's existing public sewerage facilities, in the City of Keyser (the "City"), Mineral County, West Virginia, consisting of improvements to the City's wastewater treatment plant, pump station improvements, fuel storage tank removal and replacement, line replacement and improvements, inflow and infiltration construction and equipment, a lateral pipeline from the Keyser pump station to the sewer treatment facility, and related appurtenance and improvements.

Exhibit B

BOND PURCHASE AGREEMENT

[See Tab Number 3]

Exhibit C

NOTICE OF PUBLIC HEARING

CITY OF KEYSER
NOTICE OF PUBLIC HEARING
ON SEWER BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Council of the City of Keyser to be held on January 24, 2001, at _____.m., in the Council Chambers at the Keyser City Hall, 111 North Davis Street, Keyser, West Virginia, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF KEYSER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN FIVE HUNDRED TWENTY-THREE THOUSAND SEVENTY-TWO DOLLARS (\$523,072.00) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was enacted by the Council of the City of Keyser upon petition of the Sanitary Board of the City on January 10, 2001.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issue contemplated thereby. The Bonds are to provide permanent financing of a portion of the costs of acquisition and construction of certain improvements to the sewage treatment and collection facilities for the City of Keyser. The Bonds are payable solely from revenues derived from the ownership and operation of the sewerage system of the City of Keyser. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

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

Following the said public hearing, the City Council intends to put said Ordinance into effect.

Dated: January 10, 2001.

/s/ _____, City Administrator

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Common Council of the
CITY OF KEYSER on the 24th day of January, 2001.

Dated: February 13, 2001.


City Clerk/City Administrator

[SEAL]

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, INTEREST RATE, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM) OF THE CITY OF KEYSER; AUTHORIZING, RATIFYING AND APPROVING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A BOND REGISTRAR, DEPOSITORY BANK AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Council (the "Governing Body") of the City of Keyser (the "Issuer") has duly and officially enacted an Ordinance, on January 10, 2001, and has put such Ordinance into effect following a public hearing held on this date (the "Ordinance") entitled:

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE CITY OF KEYSER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN FIVE HUNDRED TWENTY-THREE THOUSAND SEVENTY-TWO DOLLARS (\$523,072.00) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND THE WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) of the Issuer (the "Series 2001 Bonds"), in an aggregate principal amount not to exceed \$523,072.00, and has authorized the execution and delivery of a bond purchase agreement relating to the Series 2001 Bonds dated December 15, 2000 (sometimes referred to herein as the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Ordinance it is provided that the form of the Bond Purchase Agreement and exact principal amount, interest rate, date, maturity date, redemption provisions, interest and principal payment dates, sale price and other terms of the Series 2001 Bonds should be established by a supplemental resolution pertaining to the Series 2001 Bonds; and that other matters relating to the Series 2001 Bonds be herein provided for;

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

WHEREAS, the Series 2001 Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be ratified, approved and entered into by the Issuer, that the exact principal amount, interest rate, date, maturity date, redemption provisions, interest and principal payment dates, sale price and other terms of the Series 2001 Bonds should be fixed hereby in the manner stated herein, and that other matters relating to the Series 2001 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF KEYSER:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) of the Issuer, originally represented by a single bond, numbered R-1, in the principal amount of \$523,072. The Series 2001 Bonds shall be dated the date of delivery thereof, shall finally mature on March 1, 2025, and shall bear no interest. The principal of the Series 2001 Bonds shall be payable in quarterly installments on March 1, June 1, September 1 and

December 1 of each year, commencing June 1, 2023 and ending March 1, 2025, and in the amounts set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made part of the Series 2001 Bonds. The Series 2001 Bonds shall be subject to redemption upon the consent of the Authority and DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, as long as the Authority shall be registered owner of the Series 2001 Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

Section 2. All other provisions relating to the Series 2001 Bonds and the text of the Series 2001 Bonds shall be in substantially the form provided in the Ordinance.

Section 3. The Issuer does hereby authorize, ratify, approve and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery by the Mayor and the Recorder of the Bond Purchase Agreement, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, ratified, approved and directed. The price of the Series 2001 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that, the proceeds of the Series 2001 Bonds shall be advanced from time to time as requisitioned by the Issuer, and at closing there shall be requisitioned and advanced a portion of the proceeds in the amount of \$26,154, being more than a de minimis amount. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the application to the DEP and the Authority.

Section 4. The Issuer hereby agrees to comply with the special conditions set forth in Exhibit E to the Bond Purchase Agreement.

Section 5. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, to serve as Registrar for the Series 2001 Bonds under the Ordinance.

Section 6. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2001 Bonds under the Ordinance.

Section 7. The Issuer does hereby appoint and designate F&M Bank-West Virginia, Inc., Keyser, West Virginia, to serve as Depository Bank under the Ordinance.

Section 8. Series 2001 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2001 Bonds Sinking Fund as capitalized interest.

Section 9. Series 2001 Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1999 and 2001 Bonds Reserve Account.

Section 10. The remaining proceeds of the Series 2001 Bonds shall be deposited in the Series 2001 Bonds Construction Trust Fund as received from time to time for payment of costs of the Project and payment of cost of issuance of the Series 2001 Bonds.

Section 11. The Mayor and Recorder are hereby authorized and directed to execute and deliver the Series 2001 Bonds and such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2001 Bonds hereby and by the Ordinance approved and provided for, and to affix thereon the seal of the Issuer, as appropriate, to the end that the Series 2001 Bonds may be delivered to the Authority pursuant to the Bond Purchase Agreement on or about February 13, 2001.

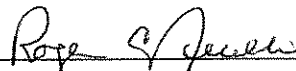
Section 12. The acquisition and construction of the Project and the permanent financing of the Costs thereof with the proceeds of the Series 2001 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Ordinance held by the Depository Bank in time deposits of the Depository Bank meeting the requirements set forth under the definition of "Qualified Investments" in the Ordinance and therefore the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such time deposits, until further directed by the Issuer. Monies in the Series 2001 Bonds Sinking Fund and the Series 1999 and 2001 Bonds Reserve Account shall be invested by the Commission in the West Virginia Consolidated Fund.

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

Adopted this 24th day of January, 2001.

CITY OF KEYSER



Mayor

[SEAL]

ATTEST:



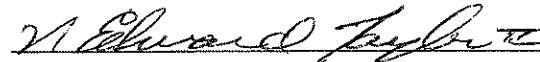
City Clerk/City Administrator

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the City Council of the City of Keyser on the 24th day of January, 2001.

Dated: February 13, 2001.

[SEAL]



City Clerk/City Administrator

SRF-BPA-1
(4/6/00)

BOND PURCHASE AGREEMENT

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

CITY OF KEYSER
(Local Government)

WITNESSETH:

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

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

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

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

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

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

security interest as is provided for in the Local Statute unless a sale or transfer of all or a portion of said property is approved by DEP and the Authority.

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project

facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Local Government, the prime contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Local Government on or before the Date of Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Government must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Bond Purchase Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Government hereby covenants and agrees to comply with all applicable laws, rules and regulations issued by the Authority, DEP or other State, federal

or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

2.12 The Local Government, commencing on the date contracts are executed for the construction of the Project and for two years following the completion of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 10th of each month to the DEP.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

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

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

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

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

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

ARTICLE IV

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

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

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3)

of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or

construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

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

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

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

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

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

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

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

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

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

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

(xxi) That the Local Government shall submit all proposed change orders to the DEP for written approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting

Engineer. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

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

6.4 The Local Government hereby covenants that it will rebate any amounts required by Section 148 of the Internal Revenue Code of 1986, as amended, and will take all steps necessary to make any such rebates. In the event the Local Government fails to make any such rebates as required, then the Local Government shall pay any and all penalties,

obtain a waiver from the Internal Revenue Service and take any other actions necessary or desirable to preserve the exclusion from gross income for federal income tax purposes of interest on the Local Bonds.

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

7.4 No waiver by any party of any term or condition of this Bond Purchase Agreement shall be deemed or construed as a waiver of any other terms or conditions, nor

shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Bond Purchase Agreement.

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

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

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

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

(ii) the end of ninety (90) days after the date of execution hereof by the Authority if the Local Government has failed to deliver the Local Bonds to the Authority;

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

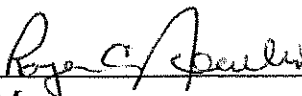
(iv) payment in full of the principal of and interest on the Local Bonds and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Local Bonds purchased under this Bond Purchase Agreement in any succeeding fiscal year is contingent upon funds being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

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

CITY OF KEYSER

[Name of Local Government]

(SEAL)

By: 
Its: Mayor

Attest:

Date: 12-15-00


Its Recorder 2-13-01

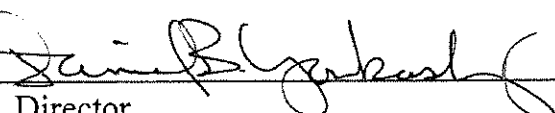
WEST VIRGINIA DIVISION OF
ENVIRONMENTAL PROTECTION

By: 
Its: Chief, Office of Water Resources

Date: 12-28-00

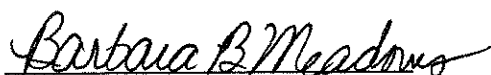
WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: 
Its: Director

Attest:

Date: December 15, 2000


Secretary-Treasurer

00832/00372
4/6/00

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

<u>ITEM</u>	<u>CURRENT</u> <u>MONTH</u>	<u>TOTAL</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR TO</u> <u>DATE</u>	<u>BUDGET</u> <u>YEAR MINUS</u> <u>YEAR TO</u> <u>DATE</u>
1. Gross Revenues Collected				
2. Operating Expenses				
3. Other Bond Debt Payments (including Reserve Account Deposits)				
4. SRF Bond Payments (include Reserve Account Deposits)				
5. Renewal and Replacement Fund Deposit				

Witnesseth my signature this ____ day of _____, ____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($900/12$). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Bond.
4. In Item 4, provide the principal, interest and reserve account payments for this Bond. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.
6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____

West Virginia License No. ____

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The Local Government that receives \$300,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. THE DEBT SERVICE reserve fund created under the 1999 bond shall be continued on this 2001 bond.

D. PRIOR TO CLOSING a final certificate from the Public Service Commission and parity consent from the USDA – RUS will be required.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Account: \$_____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Closing]

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

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

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the

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

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

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

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	\$ <u>523,072</u>
Purchase Price of Local Bonds	\$ <u>523,072</u>

The Local Bonds shall bear no interest. Commencing June 1, 2023, principal of the Local Bonds is payable quarterly, with a quarterly administrative fee of \$356.00. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

USDA, RUS - Sewer Revenue Bonds, Series 1980, issued September 14, 1981, in the original principal amount of \$970,000.

Water Development Authority - Sewer Revenue Bonds, Series 1986, issued August 29, 1986, in the original principal amount of \$1,647,465.

Water Development Authority - Sewer Revenue Bonds, Series 1999, issued in the original principal amount of \$5,753,801 (West Virginia SRF Program).

SCHEDULE Y

City of Keyser (West Virginia) <i>Loan of \$523,072</i> <i>0% Interest Rate, \$356 Quarterly Administrative Fee</i> <i>Closing Date: February 13, 2001</i> NET DEBT SERVICE SCHEDULE					
Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2001	-	-	-	-	-
6/01/2001	-	-	-	-	-
9/01/2001	-	-	-	-	-
12/01/2001	-	-	-	356.00	356.00
3/01/2002	-	-	-	356.00	356.00
6/01/2002	-	-	-	356.00	356.00
9/01/2002	-	-	-	356.00	356.00
12/01/2002	-	-	-	356.00	356.00
3/01/2003	-	-	-	356.00	356.00
6/01/2003	-	-	-	356.00	356.00
9/01/2003	-	-	-	356.00	356.00
12/01/2003	-	-	-	356.00	356.00
3/01/2004	-	-	-	356.00	356.00
6/01/2004	-	-	-	356.00	356.00
9/01/2004	-	-	-	356.00	356.00
12/01/2004	-	-	-	356.00	356.00
3/01/2005	-	-	-	356.00	356.00
6/01/2005	-	-	-	356.00	356.00
9/01/2005	-	-	-	356.00	356.00
12/01/2005	-	-	-	356.00	356.00
3/01/2006	-	-	-	356.00	356.00
6/01/2006	-	-	-	356.00	356.00
9/01/2006	-	-	-	356.00	356.00
12/01/2006	-	-	-	356.00	356.00
3/01/2007	-	-	-	356.00	356.00
6/01/2007	-	-	-	356.00	356.00
9/01/2007	-	-	-	356.00	356.00
12/01/2007	-	-	-	356.00	356.00
3/01/2008	-	-	-	356.00	356.00
6/01/2008	-	-	-	356.00	356.00
9/01/2008	-	-	-	356.00	356.00
12/01/2008	-	-	-	356.00	356.00
3/01/2009	-	-	-	356.00	356.00
6/01/2009	-	-	-	356.00	356.00
9/01/2009	-	-	-	356.00	356.00
12/01/2009	-	-	-	356.00	356.00
3/01/2010	-	-	-	356.00	356.00
6/01/2010	-	-	-	356.00	356.00
9/01/2010	-	-	-	356.00	356.00
12/01/2010	-	-	-	356.00	356.00
3/01/2011	-	-	-	356.00	356.00
6/01/2011	-	-	-	356.00	356.00
9/01/2011	-	-	-	356.00	356.00
12/01/2011	-	-	-	356.00	356.00
3/01/2012	-	-	-	356.00	356.00
6/01/2012	-	-	-	356.00	356.00

Ferris, Baker Watts, Incorporated
Public Finance

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City of Keyser (West Virginia)
Loan of \$523,072
0% Interest Rate, \$356 Quarterly Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
9/01/2012	-	-	-	356.00	356.00
12/01/2012	-	-	-	356.00	356.00
3/01/2013	-	-	-	356.00	356.00
6/01/2013	-	-	-	356.00	356.00
9/01/2013	-	-	-	356.00	356.00
12/01/2013	-	-	-	356.00	356.00
3/01/2014	-	-	-	356.00	356.00
6/01/2014	-	-	-	356.00	356.00
9/01/2014	-	-	-	356.00	356.00
12/01/2014	-	-	-	356.00	356.00
3/01/2015	-	-	-	356.00	356.00
6/01/2015	-	-	-	356.00	356.00
9/01/2015	-	-	-	356.00	356.00
12/01/2015	-	-	-	356.00	356.00
3/01/2016	-	-	-	356.00	356.00
6/01/2016	-	-	-	356.00	356.00
9/01/2016	-	-	-	356.00	356.00
12/01/2016	-	-	-	356.00	356.00
3/01/2017	-	-	-	356.00	356.00
6/01/2017	-	-	-	356.00	356.00
9/01/2017	-	-	-	356.00	356.00
12/01/2017	-	-	-	356.00	356.00
3/01/2018	-	-	-	356.00	356.00
6/01/2018	-	-	-	356.00	356.00
9/01/2018	-	-	-	356.00	356.00
12/01/2018	-	-	-	356.00	356.00
3/01/2019	-	-	-	356.00	356.00
6/01/2019	-	-	-	356.00	356.00
9/01/2019	-	-	-	356.00	356.00
12/01/2019	-	-	-	356.00	356.00
3/01/2020	-	-	-	356.00	356.00
6/01/2020	-	-	-	356.00	356.00
9/01/2020	-	-	-	356.00	356.00
12/01/2020	-	-	-	356.00	356.00
3/01/2021	-	-	-	356.00	356.00
6/01/2021	-	-	-	356.00	356.00
9/01/2021	-	-	-	356.00	356.00
12/01/2021	-	-	-	356.00	356.00
3/01/2022	-	-	-	356.00	356.00
6/01/2022	-	-	-	356.00	356.00
9/01/2022	-	-	-	356.00	356.00
12/01/2022	-	-	-	356.00	356.00
3/01/2023	-	-	-	356.00	356.00
6/01/2023	65,384.00	-	65,384.00	356.00	65,740.00
9/01/2023	65,384.00	-	65,384.00	356.00	65,740.00
12/01/2023	65,384.00	-	65,384.00	356.00	65,740.00

City of Keyser (West Virginia)

Loan of \$523,072

0% Interest Rate, \$356 Quarterly Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
6/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
9/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
12/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
3/01/2025	65,384.00	-	65,384.00	356.00	65,740.00
Total	523,072.00	-	523,072.00	33,464.00	556,536.00

Ferris, Baker Watts, Incorporated
Public Finance

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UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
SEWER REVENUE BOND,
SERIES 2001
(WEST VIRGINIA SRF PROGRAM)

No. R-1

\$523,072

KNOW ALL MEN BY THESE PRESENTS: That CITY OF KEYSER, a municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FIVE HUNDRED TWENTY-THREE THOUSAND SEVENTY-TWO DOLLARS (\$523,072), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as Exhibit A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing on June 1, 2023, as set forth on the "Debt Service Schedule" attached as Exhibit B hereto and incorporated herein by reference, without interest.

The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2001, as set forth on Exhibit B attached hereto. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The SRF Administrative Fee on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of the Registrar (as defined in the hereinafter described Bond Legislation) on the 15th day of the month next preceding a SRF Administrative Fee payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may only be redeemed prior to its stated date of maturity in whole or in part upon the terms and conditions prescribed by, and otherwise in compliance with, the Water Pollution Control Revolving Fund Bond Purchase Agreement among the Issuer, the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP") and the Authority, dated December 15, 2000.

This Bond is issued (i) to permanently finance a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance

hereof and related costs. The existing public sewerage facilities of the Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 10, 2001, and put into effect following a public hearing held on January 24, 2001, and a Supplemental Resolution duly adopted by the Issuer on January 24, 2001 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other securities provided for the Bonds of this Series (the "Bonds") under the Bond Legislation.

THIS BOND IS ISSUED ON PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH (1) THE SEWER REVENUE BONDS, SERIES 1980, OF THE ISSUER, DATED SEPTEMBER 14, 1981, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$970,000 (THE "SERIES 1980 BONDS"); (2) THE SEWER REVENUE BONDS, SERIES 1986, OF THE ISSUER, DATED AUGUST 29, 1986, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$1,647,465 (THE "SERIES 1986 BONDS"); AND (3) THE SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), OF THE ISSUER, DATED NOVEMBER 16, 1999, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$5,753,801 (THE "SERIES 1999 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of the Net Revenues in favor of the holders of the Series 1980 Bonds, the Series 1986 Bonds and the Series 1999 Bonds (collectively, the "Prior Bonds"), and from moneys in the Reserve Account created under the Bond Legislation for the Bonds and the Series 1999 Bonds (the "Series 1999 and 2001 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1999 and 2001 Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year

equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1999 and 2001 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and the Series 1999 Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, the Bonds will be in default should any proceeds of the Bonds be used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes

of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, CITY OF KEYSER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk/City Administrator, and has caused this Bond to be dated February 13, 2001.

[SEAL]

CITY OF KEYSER
SPECIMEN
Roger C. Spaulding

Mayor

ATTEST:

N. E. Spaulding II
SPECIMEN

City Clerk/City Administrator

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2001 Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: February 13, 2001.

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By: _____

Its: Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	<u>Amount</u>	<u>Date</u>		<u>Amount</u>	<u>Date</u>
(1)	\$ 26,154	February 13, 2001	(7)	\$	
(2)	\$		(8)	\$	
(3)	\$		(9)	\$	
(4)	\$		(10)	\$	
(5)	\$		(11)	\$	
(6)	\$		(12)	\$	

SPECIMEN

Total \$ _____

EXHIBIT B

DEBT SERVICE SCHEDULE

SPECIMEN

City of Keyser (West Virginia)
 Loan of \$523,072
 0% Interest Rate, \$356 Quarterly Administrative Fee
 Closing Date: February 13, 2001
NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2001	-	-	-	-	-
6/01/2001	-	-	-	-	-
9/01/2001	-	-	-	-	-
12/01/2001	-	-	-	356.00	356.00
3/01/2002	-	-	-	356.00	356.00
6/01/2002	-	-	-	356.00	356.00
9/01/2002	-	-	-	356.00	356.00
12/01/2002	-	-	-	356.00	356.00
3/01/2003	-	-	-	356.00	356.00
6/01/2003	-	-	-	356.00	356.00
9/01/2003	-	-	-	356.00	356.00
12/01/2003	-	-	-	356.00	356.00
3/01/2004	-	-	-	356.00	356.00
6/01/2004	-	-	-	356.00	356.00
9/01/2004	-	-	-	356.00	356.00
12/01/2004	-	-	-	356.00	356.00
3/01/2005	-	-	-	356.00	356.00
6/01/2005	-	-	-	356.00	356.00
9/01/2005	-	-	-	356.00	356.00
12/01/2005	-	-	-	356.00	356.00
3/01/2006	-	-	-	356.00	356.00
6/01/2006	-	-	-	356.00	356.00
9/01/2006	-	-	-	356.00	356.00
12/01/2006	-	-	-	356.00	356.00
3/01/2007	-	-	-	356.00	356.00
6/01/2007	-	-	-	356.00	356.00
9/01/2007	-	-	-	356.00	356.00
12/01/2007	-	-	-	356.00	356.00
3/01/2008	-	-	-	356.00	356.00
6/01/2008	-	-	-	356.00	356.00
9/01/2008	-	-	-	356.00	356.00
12/01/2008	-	-	-	356.00	356.00
3/01/2009	-	-	-	356.00	356.00
6/01/2009	-	-	-	356.00	356.00
9/01/2009	-	-	-	356.00	356.00
12/01/2009	-	-	-	356.00	356.00
3/01/2010	-	-	-	356.00	356.00
6/01/2010	-	-	-	356.00	356.00
9/01/2010	-	-	-	356.00	356.00
12/01/2010	-	-	-	356.00	356.00
3/01/2011	-	-	-	356.00	356.00
6/01/2011	-	-	-	356.00	356.00
9/01/2011	-	-	-	356.00	356.00
12/01/2011	-	-	-	356.00	356.00
3/01/2012	-	-	-	356.00	356.00
6/01/2012	-	-	-	356.00	356.00

City of Keyser (West Virginia)
Loan of \$523,072
0% Interest Rate, \$356 Quarterly Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
9/01/2012	-	-	-	356.00	356.00
12/01/2012	-	-	-	356.00	356.00
3/01/2013	-	-	-	356.00	356.00
6/01/2013	-	-	-	356.00	356.00
9/01/2013	-	-	-	356.00	356.00
12/01/2013	-	-	-	356.00	356.00
3/01/2014	-	-	-	356.00	356.00
6/01/2014	-	-	-	356.00	356.00
9/01/2014	-	-	-	356.00	356.00
12/01/2014	-	-	-	356.00	356.00
3/01/2015	-	-	-	356.00	356.00
6/01/2015	-	-	-	356.00	356.00
9/01/2015	-	-	-	356.00	356.00
12/01/2015	-	-	-	356.00	356.00
3/01/2016	-	-	-	356.00	356.00
6/01/2016	-	-	-	356.00	356.00
9/01/2016	-	-	-	356.00	356.00
12/01/2016	-	-	-	356.00	356.00
3/01/2017	-	-	-	356.00	356.00
6/01/2017	-	-	-	356.00	356.00
9/01/2017	-	-	-	356.00	356.00
12/01/2017	-	-	-	356.00	356.00
3/01/2018	-	-	-	356.00	356.00
6/01/2018	-	-	-	356.00	356.00
9/01/2018	-	-	-	356.00	356.00
12/01/2018	-	-	-	356.00	356.00
3/01/2019	-	-	-	356.00	356.00
6/01/2019	-	-	-	356.00	356.00
9/01/2019	-	-	-	356.00	356.00
12/01/2019	-	-	-	356.00	356.00
3/01/2020	-	-	-	356.00	356.00
6/01/2020	-	-	-	356.00	356.00
9/01/2020	-	-	-	356.00	356.00
12/01/2020	-	-	-	356.00	356.00
3/01/2021	-	-	-	356.00	356.00
6/01/2021	-	-	-	356.00	356.00
9/01/2021	-	-	-	356.00	356.00
12/01/2021	-	-	-	356.00	356.00
3/01/2022	-	-	-	356.00	356.00
6/01/2022	-	-	-	356.00	356.00
9/01/2022	-	-	-	356.00	356.00
12/01/2022	-	-	-	356.00	356.00
3/01/2023	-	-	-	356.00	356.00
6/01/2023	65,384.00	-	65,384.00	356.00	65,740.00
9/01/2023	65,384.00	-	65,384.00	356.00	65,740.00
12/01/2023	65,384.00	-	65,384.00	356.00	65,740.00

City of Keyser (West Virginia)
Loan of \$523,072
0% Interest Rate, \$356 Quarterly Administrative Fee

NET DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I	Expenses	Net New D/S
3/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
6/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
9/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
12/01/2024	65,384.00	-	65,384.00	356.00	65,740.00
3/01/2025	65,384.00	-	65,384.00	356.00	65,740.00
Total	523,072.00	-	523,072.00	33,464.00	556,536.00

Ferris, Baker Watts, Incorporated
Public Finance

File = srjkeyser.sj-12 12 00- SINGLE PURPOSE
12/12/2000 10:44 AM

SPECIMEN

ASSIGNMENT

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

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

Dated: _____, 20_____.

SPECIMEN

In the presence of:

SPECIMEN

1000 Technology Drive, Suite 2310
Fairmont, West Virginia 26554
Telephone (304) 368-4000

5th Floor, United Square
501 Avery Street
Parkersburg, West Virginia 26101
Telephone (304) 485-8500

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
Telephone (304) 599-1390

Bowles Rice McDavid Graff & Love^{PLLC}

ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
Telephone (304) 347-1100
www.bowlesrice.com

105 West Burke Street
Martinsburg, West Virginia 25401
Telephone (304) 263-0836

World Trade Center
333 West Vine Street, Suite 1200
Lexington, Kentucky 40507
Telephone (859) 225-8700

3 West Piccadilly Street
Winchester, Virginia 22601
Telephone (540) 723-8877

February 13, 2001

Telephone — (304) 347-1100
Facsimile — (304) 343-3058

City of Keyser
111 North Davis Street
Keyser, West Virginia 26726

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

West Virginia Division of Environmental Protection
617 ½ Leon Sullivan Way
Charleston, West Virginia 25301

Re: City of Keyser
Sewer Revenue Bonds, Series 2001
(West Virginia SRF Program)

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Keyser (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia, of its \$523,072 Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated the date hereof (the "Local Bonds").

We have examined the law, a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated December 15, 2000, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and (ii) the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of \$523,072, in the form of one bond, registered as to principal only to the Authority, with no interest and with principal payable in quarterly installments on March 1, June 1, September 1 and December 1 in each year, commencing June 1, 2023 and continuing until final maturity on March 1, 2025, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

Bowles Rice McDavid Graff & Love_{PLLC}

City of Keyser
West Virginia Water Development Authority
West Virginia Division of Environmental Protection
February 13, 2001
Page 2

The Local Bonds are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"), and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Local Statute"), and the Bond Ordinance duly enacted by the Issuer on January 10, 2001, and put into effect following a public hearing held on January 24, 2001, as supplemented by a Supplemental Resolution duly adopted on January 24, 2001 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase Agreement.

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

1. The Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.
2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the consent of the Authority and the DEP.
3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Bond Purchase Agreement, to adopt the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
4. The Local Act and all other necessary ordinances, orders and resolutions have been duly and effectively enacted or adopted by the Issuer in connection with the issuance and sale of the Local Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

Bowles Rice McDavid Graff & Love^{PLLC}

City of Keyser
West Virginia Water Development Authority
West Virginia Division of Environmental Protection
February 13, 2001
Page 3

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System as set forth in the Local Act and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with the Issuer's outstanding (i) Sewer Revenue Bonds, Series 1980, dated September 14, 1981, issued in the original principal amount of \$970,000, (ii) Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original principal amount of \$1,647,465, and (iii) Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated November 16, 1999, in the original principal amount of \$5,753,801, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

We have examined the executed and authenticated Local Bond No. R-1, and are of the opinion that the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE PLLC

Bowles Rice McDavid Graff & Love, PLLC

LAW OFFICE OF
F. CODY PANCAKE, III

114 Armstrong St.
P.O. Box 726
Keyser, WV 26726
(304)788-7889

February 9, 2001

Office of the State Auditor
Chief Inspector Division
Building 1 Room W-420
Charleston, West Virginia 25305

Re: City of Keyser
Audit June 30, 2000

Dear Sirs:

This will serve to advise that I am the attorney of representation for the City of Keyser. As the City attorney I have received a request to provide your office with an explanation of any pending or threatened litigation claims and assessments which I foresee may be filed against the City of Keyser. For purposes of this letter my opinion addresses all such potential litigation as of June 30, 2000 to the present.

As I am sure your office can understand, litigation with respect to municipalities is never certain and potential claims may arise at any time. Nevertheless, I will attempt to provide as informed a decision as possible based upon the information available to me from the City. Fortunately, at the present time there does not appear to be any significant litigation or potential claims facing the City of Keyser. Nevertheless, the following are the potential cases of which I can reasonably advise.

Currently, the City of Keyser is faced with only one Worker's Compensation claim. Particularly, the Claimant is a Roger W. Moore, Claim No: 99-11172 with a date of injury of 6/16/1998. Currently, the claimant is not receiving temporary total disability benefits, but was recently referred by the Worker's Compensation Division for an independent medical examination for purposes of determining his permanent partial disability impairment, if any, as sustained in the instant claim. As the City of Keyser is insured and in good standing with the Worker's Compensation Division I would be of the position that this claim would not have any effect with respect to your audit other than the potential of a potential premium increase to the City of Keyser which is questionable.

Similarly, there is a current unemployment claim against the City of Keyser which was filed by a Mary F. Riggleman, Case No: 00-2264. The claim was ruled compensable by the West Virginia Bureau of Employment Programs, Unemployment Division and the claimant continues to receives benefits at this time. Once again, the City of Keyser is in good standing with the Bureau of Employment Programs, Unemployment Division and therefore this claim should have no significant impact with

respect to the audit.

Finally, to the best of my knowledge only one potential claim exists in the nature of a civil action which could potentially be brought against the City the Keyser. At some point in mid to late 1999, while a portion of the water improvement project was still under construction, a subcontractor, Walter Yoder & Sons was performing work in the vicinity of Carskadon Lane within the City of Keyser at which time Yoder & Sons damaged a sewer line which services the home of Donald Thomas and the home of his father. As a result of the damage to the sewer line, sewage backed up into their respective homes resulting in the Thomas' hiring plumbers and incurring expenses to correct the problem. The City of Keyser has received a claim from Mr. Thomas in the approximate amount of \$5,433.22. However, based upon information provided to me by representatives of the Street and Sewer Department of the City of Keyser, I am of the opinion that Walter Yoder & Sons, the subcontractor, is 100% at fault and liable with respect to these damages. Nevertheless, as the municipality which owns and operates the respective sewer lines, the City of Keyser is directly subject to suit for these damages. In the event such should occur the City would certainly file a third party claim against Walter Yoder & Sons. Whether such a law suit would be brought by Mr. Thomas is unknown at this point as the City has not received any notices of representation from a perspective attorney nor any formal notice of the threat of litigation. Therefore, I will leave it to your discretion as to the significance which you give to this potential claim.

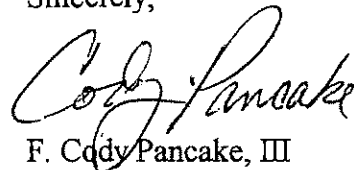
With respect to any other threatened claims or pending litigation I am not aware of such at this time. In the event your office should need any additional information with respect to these particular cases or any other questions concerning pending legal issues on behalf of the City of Keyser please feel free to contact my office.

Finally, in response to your inquiry concerning the amount owing my office for services and expenses billed and unbilled as of June 30, 2000, that particular amount would have been \$1,732.76 which was for general services as well as services rendered with respect to the sewer improvement project.

If I may be of further assistance please do not hesitate to contact my office.

With best regards,

Sincerely,



F. Cddy Pancake, III

FCP/jrt

cc: City of Keyser

LAW OFFICE OF
F. CODY PANCAKE, III

114 Armstrong St.
P.O. Box 726
Keyser, WV 26726
(304)788-7889

February 13, 2001

City of Keyser
111 North Davis Street
Keyser, West Virginia 26726

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

WV DEP
617 ½ Leon Sullivan Way
Charleston, West Virginia

Bowles, Rice, McDavid, Graff, & Love
600 Quarrier Street
Charleston, West Virginia 25301

RE: Title Opinion

Ladies and Gentlemen:

I, F. Cody Pancake, III, counsel for the City of Keyser, (the "City") a Municipal Corporation do hereby certify:

1. That I have investigated and ascertained the location of and am familiar with legal description of the necessary sites (including easements and /or right-of-ways being provided to the Grantees, the City of Keyser, for the additional improvements to the Keyser Sewer Improvement Project identified as Project No. C544023 (the "Project") .

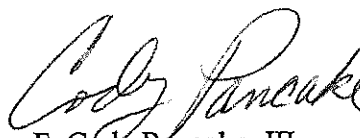
2. That I have examined the deed records of Mineral County in which the Project is located, and in my opinion, the City has a legal and valid fee simple title or such other real estate interests in the necessary site components for the Project, including easements and right-of-ways, sufficient to assure undisturbed use and possession for the purposes of construction, operation maintenance of estimated life of the facilities.

3. That any deeds or documents required to be recorded in order to protect the title of and interest of the City have been duly recorded and filed for record wherever necessary, or in the case in which condemnation proceedings are necessary, such proceedings have been filed as of the date hereof to permit the City a right-of-entry for the purpose of construction, operation and maintenance of the Project on such properties.

4. That the City has obtained all necessary permits required for the construction of the Project.

With best regards,

Sincerely,


F. Cody Pancake, III

FCP/jrr

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR and the undersigned CITY CLERK/CITY ADMINISTRATOR of the City of Keyser, in Mineral County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$523,072 aggregate principal amount of the City of Keyser Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) (the "Bonds"):

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer duly enacted January 10, 2001, and put into effect following a public hearing held on January 24, 2001, and a Supplemental Resolution duly adopted by the Issuer on January 24, 2001 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net

Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge of the Net Revenues as security for the Bonds.

The Issuer hereby certifies that it has complied and will continue to comply with the consent decrees entered against the Issuer on November 12, 1998, and August 10, 1999, including, without limitation, payment of all cash penalties, funding of all required escrows, implementing all required supplemental environmental projects and avoiding any abeyance penalties.

3. GOVERNMENTAL APPROVALS, BIDDING AND AWARD OF CONTRACT: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the project financed in part with the proceeds of the Issuer's Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (the "Series 1999 Project") were solicited in accordance with Chapter 5, Article 22, Section 1 of the Code of West Virginia of 1931, as amended, and the Issuer has awarded the construction contracts for the Series 1999 Project in four separate contracts to the respective lowest bidders therefor, being Ross & Kennedy Corporation, Alvarez Contractors, Inc., Mineral Fabrication & Manufacturing Co., Inc. and Groundbreakers, Inc. The Issuer has prior to this date issued a notice of award to each of Ross & Kennedy Corporation, Alvarez Contractors, Inc., Mineral Fabrication & Manufacturing Co., Inc. and Groundbreakers, Inc. for the Series 1999 Project and the Issuer has prior to this date entered into a construction contract with each of such contractors for the Series 1999 Project. The Project includes the Series 1999 Project together with certain additional improvements necessary to complete the Series 1999 Project. The additional improvements that are not included in the Series 1999 Project will be consummated pursuant to change orders to the applicable contracts entered into in connection with the Series 1999 Project.

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Bond Purchase Agreement. The Issuer has met all conditions prescribed in the Bond Purchase Agreement entered into between the Issuer, the Authority and the DEP and the Issuer is in compliance with all requirements of the Prior Ordinances. Other than as described below, there are no outstanding debt obligations of the Issuer which are secured by the Net Revenues of the System. The Issuer does have outstanding its (i) Sewer Revenue Bonds, Series 1980, dated September 14, 1981, issued in the original aggregate principal amount of \$970,000; (ii) Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original aggregate principal amount of \$1,647,465 and (iii) Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program), dated November 16, 1999, issued in the original aggregate principal amount of \$5,753,801 (collectively, the "Prior Bonds"). All payments required to be made on the Prior Bonds are current. The Issuer has obtained (1) a certificate of an Independent Certified Public Accountant stating that

the parity tests of the Series 1986 Bonds and the Series 1999 Bonds have been met and (2) the written consents from the holders of the Prior Bonds to the issuance of the Bonds on parity with the Prior Bonds.

The Bonds are issued on parity with the Prior Bonds with respect to liens, pledge and source of and security for payment.

5. CERTIFICATION OF COPIES OF DOCUMENTS: The copies of the below-listed documents hereto attached or delivered herewith or heretofore delivered are true, correct and complete copies of the originals of the documents of which they purport to be copies, and such original documents are in full force and effect and have not been repealed, rescinded, amended, altered, supplemented or changed in any way unless modifications appears from later documents also listed below:

- Charter of City of Keyser
- Oaths of Office of Officers, Councilmembers and Sanitary Boardmembers
- Bond Ordinance
- Supplemental Resolution
- Ordinance Creating Sanitary Board
- Petition of Sanitary Board
- Bond Purchase Agreement
- Public Service Commission Order
- Infrastructure Council Approval
- Rate Ordinance
- Minutes on Adoption of Rate Ordinance
- Affidavit of Publication of Rate Ordinance
and Notice of Public Hearing
- Minutes on Adoption of Bond Ordinance
and Supplemental Resolution
- Affidavit of Publication of Abstract of Bond Ordinance
and Notice of Public Hearing
- NPDES Permit Cover Letter
- Consent of Holder of Series 1986 Bonds and Series 1999 Bonds to Issuance
of Parity Bonds
- Consent of Holder of Series 1980 Bonds to Issuance of Parity Bonds

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Keyser." The Issuer is a municipal corporation in Mineral County, West Virginia, and is presently existing under the laws of, and is a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council consisting of a Mayor and 3 Council members all duly elected or appointed as applicable, qualified and acting, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Office</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Roger C. Newlin	Mayor	July 1, 2000	June 30, 2001
James O. Robinson	Councilmember	July 1, 2000	June 30, 2001
Sally Burnside	Councilmember	July 1, 2000	June 30, 2002
Marques Rice	Councilmember	July 1, 2000	June 30, 2002

The duly appointed and acting City Clerk/City Administrator of the Issuer is N. Edward Taylor II.

The duly appointed and acting counsel to Issuer is F. Cody Pancake, III, Esq., Keyser, West Virginia.

The duly approved members of the Sanitary Board of the Issuer are as follows:

Roger C. Newlin	-	Chairman
Thurman Smith	-	Member
Mark Geary, P.E.	-	Member

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

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

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System

required by the Local Act is in full force and effect. The System is not presently covered by a policy of flood or business interruption insurance, but will be if such coverage is available at reasonable cost.

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

11. RATES: The Issuer has duly enacted a rate ordinance on January 28, 1999, in Ordinance No. 251, setting rates and charges for the services of the System and said rate ordinance is in full force and effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, consisting of a single Bond, dated February 13, 2001, by his manual signature, and the undersigned City Clerk/City Administrator did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Bond Purchase Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof the Issuer received from the Authority and the DEP, the sum of \$26,154, being the first advance of the agreed purchase price of the Bonds, being \$523,072 (100% of par value), there being no interest accrued thereon. The balance of the principal amount of the Bonds will be advanced by the Authority and the DEP as the acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon enactment of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the News-Tribune a newspaper published and of general circulation in the City of Keyser together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 24th day of January, 2001, at 5:30 p.m., in the Council Chambers of the Keyser City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of

the City Clerk/City Administrator of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

16. CONFLICT OF INTEREST: No officer, council member or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Local Act and/or the Project, including, without limitation, with respect to the Depository Banks. 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.

17. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia (the "PSC") entered on January 23, 2001, in Case No. 99-0014-S-CN (Reopened), which Recommended Decision became the Final Order of the PSC on February 12, 2001, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has not expired prior to the date hereof. However, the parties to such Final Order have stated that they will not appeal such Final Order. The Issuer hereby certifies that it will not appeal such Final Order. Such Final Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

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

WITNESS our signatures and the official seal of the CITY OF KEYSER on this 13th day of February, 2001.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Roger C. Spencer
W. Edward Tarkenton
Bob Pancake

Mayor

City Clerk/City Administrator

Counsel to Issuer

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of the City of Keyser, a municipal corporation, in Mineral County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$523,072 in aggregate principal amount of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the Issuer, dated February 13, 2001 (the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Ordinance duly enacted by the Issuer on January 10, 2001, and put into effect following a public hearing held on January 24, 2001, as supplemented by a Supplemental Resolution adopted January 24, 2001 (collectively, the "Bond Ordinance"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on February 13, 2001, the date on which the Bonds are being physically delivered in exchange for an initial advance of \$26,154, being a portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Bonds were sold on February 13, 2001, to the Authority, pursuant to a Water Pollution Control Revolving Fund Bond Purchase Agreement dated December 15, 2000, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of \$523,072 (100% of par), at which time, the Issuer received \$26,154 from the Authority and the DEP, being the first advance of the principal amount of the Bonds. No accrued interest has been or will be paid

on the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of proceeds of the Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds, if any, deposited in the Reserve Account for the Bonds, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before August 1, 2001. The acquisition and construction of the Project is expected to be completed by June 1, 2001.

8. The total cost of the Project is estimated at \$6,538,373. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Bonds	\$ 523,072
Proceeds of the Series 1999 Bonds	5,753,801
Excess Operating Revenues	<u>261,500</u>
Total Sources	\$ 6,538,373

USES

Costs of the Project	\$ 6,226,833
Capitalized Interest	-0-
Fund Reserve Account (Funded with Proceeds of Series 1999 Bonds)	261,540
Costs of Issuance of the Bonds	20,000
Costs of Issuance of the Series 1999 Bonds	<u>30,000</u>
Total Uses	\$ 6,538,373

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;

- (3) Series 2001 Bonds Construction Trust Fund;
- (4) Series 1980 Bonds Reserve Account;
- (5) Series 1986 Bonds Sinking Fund;
- (6) Series 1986 Bonds Reserve Account;
- (7) Series 1999 Bonds Sinking Fund;
- (8) Series 1999 and 2001 Bonds Reserve Account; and
- (9) Series 2001 Bonds Sinking Fund.

10. Pursuant to Article VI of the Bond Ordinance, the proceeds of the Bonds will be deposited as follows:

(1) Bond proceeds in the amount of \$-0- will be deposited in the Series 2001 Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Bond proceeds in the amount of \$-0- will be deposited in the Series 1999 and 2001 Bonds Reserve Account.

(3) The balance of the proceeds of the Bonds will be deposited in the Series 2001 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Bonds and related costs.

11. Moneys held in the Series 2001 Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Bonds and will not be available to meet costs of acquisition and construction of the Project. Moneys in the Series 1999 and 2001 Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 1999 Bonds and the Bonds, as the same shall come due, when other moneys in the Series 1999 Bonds Sinking Fund and the Series 2001 Bonds Sinking Fund are insufficient therefor. All investment earnings on moneys in the Series 2001 Bonds Sinking Fund and Series 1999 and 2001 Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2001 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 4 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2001 Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 1999 and 2001 Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 6 months from the date of issuance thereof.

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

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

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

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

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

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

21. The Bonds are not federally guaranteed.

22. The Issuer has covenanted in the Bond Ordinance to comply with the Code and the Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to maintain the status of the Bonds as governmental bonds.

23. The Issuer has funded the Series 1999 and 2001 Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 1999 Bonds and the Bonds in the then current or any succeeding year with the proceeds of the Series 1999 Bonds. Moneys in the Series 1999 and 2001 Bonds Reserve Account will be used solely to pay principal of and interest, if any, on the Series 1999 Bonds and the Bonds, as the same shall come due, when other moneys in the Series 1999 Bonds Sinking Fund and the Series 2001 Bonds Sinking Fund are insufficient therefor, and will not be available to pay costs of the Project.

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

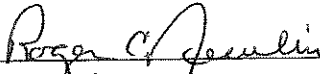
25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

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

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

WITNESS my signature on this 13th day of February, 2001.

CITY OF KEYSER

By: 
Its: Mayor

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

CERTIFICATE OF CONSULTING ENGINEER

I, David G. Vanscoy, Registered Professional Engineer, West Virginia License No. 6649, of Rummel, Klepper & Kahl, LLP, Consulting Engineers, Keyser, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the City of Keyser (the "Issuer"), being Contract 1 and Contract 4 (the "Project"), to be constructed primarily in Mineral 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 Bond Ordinance enacted by the Issuer on January 10, 2001, and put into effect following a public hearing held on January 24, 2001, and the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") dated December 15, 2000.

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

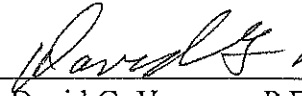
3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by DEP and any change orders approved by the Issuer, DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and in reliance upon the legal opinion of F. Cody Pancake, III, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for

the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's Certified Public Accountants, Blair & Company, Certified Public Accountants, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 13th day of February, 2001.

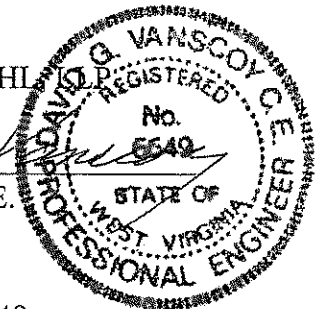
RUMMEL, KLEPPER & KAHL

By


David G. Vanscoy, P.E.

Its: Regional Manager

West Virginia License No. 6649



[SEAL]

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Keyser
 ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

*ADDITIONAL FUNDS ONLY

A. Cost of Project

1. Construction	\$	397,818
2. Technical Services	\$	100,854
3. Legal and Fiscal	\$	
4. Administrative	\$	
5. Site and R-O-W activity	\$	4,400
6. Utility Relocation	\$	
7. Equipment	\$	
8. I & I Construction (Fuel Tank)	\$	
9. Interim Financing Costs	\$	
10. Contingency	\$	
11. I & I Program Funds	\$	
12. Total of Lines 1 Through 9	\$	503,072

B. Sources of Funds

1. Federal Grants: ¹	\$	
(Specify Sources)	\$	
2. State Grants: ¹	\$	
(Specify Sources)	\$	
3. Other Grants: ¹	\$	
(Specify Sources)	\$	
4. Any Other Sources ²	\$	
(Specify)	\$	

5. Total of Lines 10 Through 14	\$	
6. Net Proceeds Required from Bond Issue (Line 10 less Line 15)	\$	503,072

C. Cost of Financing

7. Funded Reserve Account: ³	\$	
8. Closing costs (Bond council, etc.)	\$	20,000
9. Net costs of financing	\$	20,000

8. Size of Bond Issue (Line 16 plus Line 19)	\$	523,072
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not allowable for State Revolving Fund Assistance

YDA loans not allowable

R. C. Smith
 SIGNATURE OF APPLICANT
 DATE: 01-10-01

D. J. W. Moore (Chester Engineers)
 SIGNATURE OF CONSULTING ENGINEER
 DATE: 1/10/01

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

CERTIFICATE OF CONSULTING ENGINEER

I, Peter J. H. Thomson, Registered Professional Engineer, West Virginia License No. 13863, of Chester Engineers, Consulting Engineers, Martinsburg, West Virginia, hereby certify as follows:

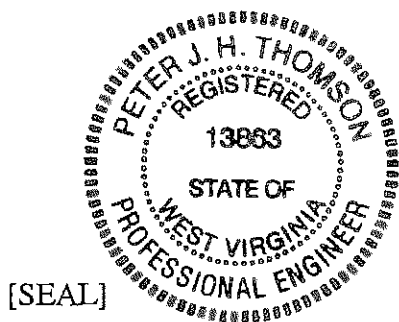
1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the existing sewerage system of the City of Keyser (the "Issuer"), being Contract 2 and Contract 3 (the "Project"), to be constructed primarily in Mineral County, West Virginia, which construction 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 Bond Ordinance enacted by the Issuer on January 10, 2001, and put into effect following a public hearing held on January 24, 2001, and the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") dated December 15, 2000.

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

3. To the best of my knowledge, information and belief (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by DEP and any change orders approved by the Issuer, DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 25 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit A, and in reliance upon the legal opinion of F. Cody Pancake, III, Esquire, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition

and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's Certified Public Accountants, Blair & Company, Certified Public Accountants, as of the effective date thereof, the rates and charges for the System as enacted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 13th day of February, 2001.



CHESTER ENGINEERS

By


Peter J. H. Thomson, P.E.
Its: Project Manager

West Virginia License No. 13863

SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: City of Keyser
ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

*ADDITIONAL FUNDS ONLY

A. Cost of Project

1. Construction	\$	<u>397,818</u>	
2. Technical Services	\$	<u>100,854</u>	
3. Legal and Fiscal	\$	<u> </u>	
4. Administrative	\$	<u> </u>	
5. Site and R-O-W activity	\$	<u>4,400</u>	
6. Utility Relocation	\$	<u> </u>	
7. Equipment	\$	<u> </u>	
8. I & I Construction (Fuel Tank)	\$	<u> </u>	
9. Interim Financing Costs	\$	<u> </u>	
10. Contingency	\$	<u> </u>	
11. I & I Program Funds	\$	<u> </u>	
12. Total of Lines 1 Through 9			\$ <u>503,072</u>

B. Sources of Funds

1. Federal Grants: ¹	\$	<u> </u>	
(Specify Sources)	\$	<u> </u>	
2. State Grants: ¹	\$	<u> </u>	
(Specify Sources)	\$	<u> </u>	
3. Other Grants: ¹	\$	<u> </u>	
(Specify Sources)	\$	<u> </u>	
4. Any Other Sources ²	\$	<u> </u>	
(Specify)	\$	<u> </u>	
5. Total of Lines 10 Through 14	\$	<u> </u>	
6. Net Proceeds Required from Bond Issue (Line 10 less Line 15)	\$	<u>503,072</u>	

C. Cost of Financing

7. Funded Reserve Account ³	\$	<u> </u>	
8. Closing costs (Bond council, etc.)	\$	<u>20,000</u>	
9. Net costs of financing	\$	<u>20,000</u>	
8. Size of Bond Issue (Line 16 plus Line 19)	\$	<u>523,072</u>	

not allowable for State Revolving Fund Assistance

VDA loans not allowable

R. C. Smith
SIGNATURE OF APPLICANT
DATE: 01-10-01

David W. Chaste (Chester Engineers)
SIGNATURE OF CONSULTING ENGINEER
DATE: 1/10/01

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 348-3971

NEW ISSUE REPORT FORMDate of Report: February 13, 2001ISSUE: City of Keyser Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)ADDRESS: 111 North Davis Street, Keyser, West Virginia 26726 COUNTY: MineralPURPOSE OF ISSUE: New Money X

Refunding _____ Refunds issue(s) dated: _____

ISSUE DATE: February 13, 2001CLOSING DATE: February 13, 2001ISSUE AMOUNT: \$ 523,072.00RATE: 0% (\$356 Quarterly Administrative Fee due December 1, 2001)1st DEBT SERVICE DUE: June 1, 2023 1st PRINCIPAL DUE: June 1, 20231st DEBT SERVICE AMOUNT: \$65,384 PAYING AGENT: Municipal Bond CommissionBOND COUNSEL: Bowles Rice McDavidUNDERWRITERS COUNSEL: Jackson & Kelly, PLLCGraff & Love, PLLCContact Person: Camden P. Siegrist, Esq.Contact Person: Samme L. Gee, Esq.Phone: 347-1129Phone: (304) 340-1318CLOSING BANK: F&M Bank-West Virginia, Inc.

ESCROW TRUSTEE: _____

Contact Person: Billie Simpson, AVP

Contact Person: _____

Phone: (304) 788-3111

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

OTHER: Division of Environmental ProtectionContact Person: Ed TaylorContact Person: Rosalie BrodersenPosition: City AdministratorFunction: Branch LeaderPhone: (304) 788-1511Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____

Accrued Interest: \$ _____

By _____ Wire _____

Capitalized Interest: \$ _____

_____ Check _____

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: _____

09/25/00

GBB.GBB.0075968

CITY OF KEYSER

**SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

F&M Bank-West Virginia, Inc., with offices in Keyser, West Virginia, hereby accepts appointment as Depository Bank, in connection with a Bond Ordinance enacted January 10, 2001, and put into effect following a public hearing on January 24, 2001, and a Supplemental Resolution adopted January 24, 2001 (the "Ordinance"), of the City of Keyser, authorizing issuance of the City's Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated February 13, 2001, in the aggregate principal amount of \$523,072 (the "Bonds"), and agrees to perform all duties of Depository Bank, in connection with such Bonds, all as set forth in the Ordinance.

Dated this 13th day of February, 2001.

F&M BANK-WEST VIRGINIA, INC.

By: *Billie Simpson*
Its: Authorized Representative

CITY OF KEYSER

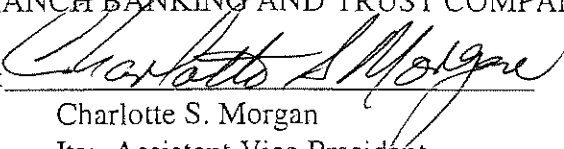
**SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

ACCEPTANCE OF DUTIES OF REGISTRAR

Branch Banking and Trust Company, in Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Keyser Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated February 13, 2001, in the aggregate principal amount of \$523,072 (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.

Dated this 13th day of February, 2001.

BRANCH BANKING AND TRUST COMPANY

By: 

Charlotte S. Morgan

Its: Assistant Vice President

CITY OF KEYSER

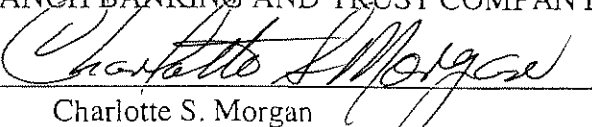
**SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Assistant Vice President of Branch Banking and Trust Company, as Registrar under the Local Act and the Registrar's Agreement providing for the \$523,072 aggregate principal amount of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), of the City of Keyser (the "Issuer"), hereby certify that on the 13th day of February, 2001, the single fully registered Series 2001 Bond of the Issuer in the principal amount of \$523,072, designated "Sewer Revenue Bond, Series 2001 (West Virginia SRF Program)," numbered R-1, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of Branch Banking and Trust Company, as Registrar.

WITNESS my signature as of this 13th day of February, 2001.

BRANCH BANKING AND TRUST COMPANY

By: 

Charlotte S. Morgan

Its: Assistant Vice President

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 13th day of February, 2001, by and between CITY OF KEYSER, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and BRANCH BANKING AND TRUST COMPANY, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$523,072 aggregate principal amount of Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance enacted January 10, 2001, and put into effect following a public hearing held on January 24, 2001, and a Supplemental Resolution adopted January 24, 2001 (the "Local Act");

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

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

WHEREAS, the Issuer desires to appoint, and by the Local Act and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Local Act and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, 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 in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

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

4. For its fees and expenses hereunder, Registrar shall receive the amount of \$500 if a representative of Registrar attends the closing or \$250 if a representative of Registrar does not attend the closing, said fees and expenses to be payable upon the issuance of the Bonds.

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

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

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

Issuer: City of Keyser
111 North Davis Street
Keyser, West Virginia 26726

Registrar: Branch Banking and Trust Company
P. O. Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, CITY OF KEYSER and BRANCH BANKING AND TRUST COMPANY 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.

CITY OF KEYSER

By: Roger C. Jewell
Its: Mayor

BRANCH BANKING AND TRUST COMPANY

By: Charlotte A. Morgan
Its: Assistant Vice President

EXHIBIT A

[See Tab Numbers 1 and 2]

**CITY OF KEYSER
SEWER REVENUE BONDS, SERIES 2001
(WEST VIRGINIA SRF PROGRAM)**

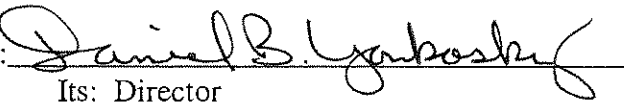
CONSENT TO ISSUANCE OF PARITY BONDS

TO WHOM IT MAY CONCERN:

In reliance upon the Certificate of the Certified Public Accountant delivered on the date hereof in connection with the above-referenced Bonds, the undersigned duly authorized representative of the West Virginia Water Development Authority, as the registered owner of the Sewer Revenue Bonds, Series 1986 (the "Series 1986 Bonds") and Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (the "Series 1999 Bonds"), of the City of Keyser (the "Issuer"), hereby consents to the issuance of the Issuer's Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program) (the "Series 2001 Bonds") in an aggregate principal amount not to exceed \$523,072, on a parity with respect to liens, pledges and sources of and security for payment, with the Series 1986 Bonds and the Series 1999 Bonds, under the terms of the Bond Ordinance authorizing the Series 2001 Bonds.

Dated this 13th day of February, 2001.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: 
Its: Director