

**CITY OF KEYSER
(WEST VIRGINIA)**

**SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 B**

**CITY OF KEYSER
(WEST VIRGINIA)**

BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1986 OF THE CITY OF KEYSER; THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, City of Keyser (the "Issuer") presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System by issuance of revenue bonds, which bonds that remain outstanding are designated and have the lien positions as follows:

Designation

Lien Position

Sewer Revenue Bonds,
Series 1980; dated September 14, 1981
issued in the original aggregate principal
amount of \$970,000
(the "Series 1980 Bonds")

First Lien

Sewer Revenue Bonds,
Series 1986, dated August 29, 1986
issued in the original aggregate
principal amount of \$1,647,465
(the "Series 1986 Bonds")

First Lien

Sewer Revenue Bonds,
Series 1999, dated November 16, 1999
issued in the original aggregate
principal amount of \$5,753,801
(the "Series 1999 Bonds")

First Lien

Sewer Revenue Bonds
Series 2001 (West Virginia SRF Program)
dated February 13, 2001,
issued in the original aggregate
principal amount of \$523,072
(the "Series 2001 A Bonds")

First Lien

WHEREAS, the 1980 Bonds were issued pursuant to a Bond Ordinance enacted by the Issuer on June 4, 1980, as supplemented and amended (the "Series 1980 Bonds Ordinance"); the 1986 Bonds were issued pursuant to the Bond Ordinance enacted by the Issuer on July 14, 1986, as supplemented and amended (the "Series 1986 Bonds Ordinance"); the Series 1999 Bonds were issued pursuant to the Bond and Interim Finance Ordinance enacted by the Issuer on November 15, 1999, as supplemented and amended (the "Series 1999 Bonds Ordinance"), and the Series 2001 A Bonds were issued pursuant to a Bond Ordinance enacted by the Issuer on January 24, 2001, as supplemented and amended (the "Series 2001 A Bonds Ordinance") (the Series 1980 Bonds Ordinance, the Series 1986 Bonds Ordinance, the Series 1999 Bonds Ordinance and the Series 2001 A Bonds Ordinance are collectively referred to herein as the "Prior Ordinances");

WHEREAS, under the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Series 1986 Bonds;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Series 1986 Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund the Series 1986 Bonds and to redeem the Series 1986 Bonds on the Redemption Date (hereinafter defined), in the manner set forth herein with proceeds of a series of bonds to be designated "City of Keyser Sewerage System Refunding Revenue Bonds, Series 2001 B" (the "Series 2001 B Bonds"), in the maximum aggregate principal amount of not more than \$1,800,000, and other moneys of the Issuer; and

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1986 Bonds as aforesaid, and provide for the financing thereof by the issuance of the Series 2001 B Bonds as hereinafter provided.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KEYSER:

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 adopted pursuant to the provisions of the Act and other applicable provisions of law.

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

A. The Issuer is a municipal corporation and political subdivision of the State of West Virginia in Mineral County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Series 1980 Bonds, the Series 1999 Bonds and the Series 2001 A Bonds (the "Prior Bonds") and the Series 1986 Bonds.

C. The Issuer derives revenues from the System, and, except for the pledges thereof to secure and pay the Prior Bonds and the Series 1986 Bonds, said revenues are not pledged or encumbered in any manner.

D. The Issuer intends to refund the Series 1986 Bonds in their entirety with proceeds of the Series 2001 B Bonds and other funds of the Issuer, to issue the Series 2001 B Bonds and to pledge the Net Revenues of the System for payment thereof on parity with the Prior Bonds.

E. The Series 2001 B Bonds will be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds set forth in the Prior Bonds and the Prior Ordinances authorizing the Prior Bonds and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature or has been consented to by the Holder of the Prior Bonds. The Issuer has obtained or will obtain prior to the issuance of the Series 2001 B Bonds the written consent of the Holders of the Prior Bonds to the issuance of the Series 2001 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds and the Series 1986 Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

F. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon the refunding and defeasance of the Series 1986 Bonds, to pay all the costs of the operation and maintenance of said System, the principal of and

interest on the Series 2001 B Bonds and the Prior Bonds, and all sinking funds, reserve accounts and other payments provided for herein and in the Prior Ordinances authorizing the Prior Bonds.

G. Based upon the estimated principal amount, maturity schedule and estimated interest rates for the Series 2001 B Bonds presented to the Issuer, and after making allowance for the use of cash on hand of the Issuer, the Series 2001 B Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 2001 B Bonds.

H. It is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2001 B Bonds and secure the Series 2001 B Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System on a parity with the Prior Bonds, the moneys in the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Reserve Account, unexpended proceeds of the Series 2001 B Bonds and as further set forth herein.

I. The period of usefulness of the System after the date hereof is not less than 30 years.

J. The Series 2001 B Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth herein with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. The Series 2001 B 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 relating to authorization of the ownership and operation of the Project and the System, and issuance of the Series 2001 B Bonds or will have so complied prior to issuance of any thereof.

M. The Issuer will not permit, at any time, any of the proceeds of the Series 2001 B Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2001 B Bonds from the treatment afforded by Section 103(a) of the Code.

N. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 B Bonds.

O. The Series 2001 B Bonds will not be federally guaranteed within the meaning of the Code.

P. All things necessary to make the Series 2001 B Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2001 B Bonds, will be timely done and duly performed.

Q. The enactment of this Ordinance, and the execution and issuance of the Series 2001 B Bonds, subject to the terms thereof, will not result in any breach of, or constitute default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2001 B Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 2001 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

“Act” means Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended and in effect on the date of adoption of this Ordinance.

“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, the original purchaser of the Series 1986 Bonds.

“Authorized Officer” means the Mayor of the Issuer or any other person duly appointed as such by the Governing Body.

“Bond Commission” or “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.

“Bond Counsel” shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer, and shall initially mean Bowles Rice McDavid Graff & Love, PLLC, Charleston, West Virginia.

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

“Bond Register” means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

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

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

“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.

“Bonds” means the Series 2001 B Bonds and, where appropriate, any bonds authorized by this Bond Legislation to be issued on a parity therewith.

“Business Day” means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

“Certificate of Authentication and Registration” means the certificate of authentication and registration on the 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 B Bonds for the proceeds representing the original purchase price thereof.

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

“Consulting Engineers” means any professional engineer or firm of professional engineers, licensed by the State, that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System.

“Costs” or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1986 Bonds (which amount shall reflect the Authority’s determination of the Redemption Price of the Series 1986 Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit

fees, expenses for fiscal or other agents, legal expenses, underwriter and placement agent fees and expenses, and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2001 B Bonds and the refunding of the Series 1986 Bonds.

“Costs of Issuance Fund” means the Costs of Issuance Fund created by Section 4.01 hereof.

“Depository Bank” means the bank designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

“DTC” means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, or any successor thereto or assign thereof, as securities depository for the Series 2001 B Bonds.

“DTC-eligible” means, with respect to the Series 2001 B Bonds, meeting the qualifications prescribed by The Depository Trust Company, New York, New York.

“Escrow Agent” means the escrow agent under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

“Escrow Agreement” means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Series 1986 Bonds, the deposit therein of proceeds of the Series 2001 B Bonds, the disposition of moneys in the various funds and accounts of the Series 1986 Bonds under the Series 1986 Bonds Ordinance and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

“Escrow Fund” means the Escrow Fund established pursuant to the Escrow Agreement.

“Event of Default” means any occurrence or event specified in Section 7.01.

“Excess Investment Earnings” means the amount equal to the sum of:

(A) the excess of (i) the amount earned on all Nonpurpose Investments (other than investments attributable to an excess described in this subparagraph (A)), over (ii) the amount which would have been earned if such Nonpurpose Investments were invested at a rate equal to the yield on the issue, plus

(B) any income attributable to the excess described in subparagraph (A).

“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 City 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 (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 Proceeds” means the definition that is given such term in Section 148(f)(6)(B) of the Code.

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

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

“Independent 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.

“Investment Property” shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section

103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

“Issuer” means the 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.

“Mayor” means the Mayor of the Issuer or any temporary Mayor duly appointed by the Governing Body.

“Net Proceeds” means the face amount of the Series 2001 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2001 B Bonds Reserve Account, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2001 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

“Nonpurpose Investment” means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 2001 B Bonds and is not acquired in order to carry out the governmental purpose of the Series 2001 B Bonds.

“Operating Expenses” means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and Paying Agent (all as herein defined), 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.

“Original Purchaser” means such person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2001 B Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2001 B Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon

as established by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2001 B Bonds.

“Outstanding,” when used with reference to Bonds or Prior Bonds as of any particular date, describes all Bonds or Prior 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 Section 9.01 and (iv) for purposes of consents or other action by a specified percentage of Bondholders, Bonds or Prior Bonds registered to the Issuer.

“Parity Bonds” means additional Bonds issued under the provisions and within the limitations prescribed by Section 6.08 hereof.

“Participant” means the person or entity registered as such with DTC.

“Paying Agent” means the Bond Commission or such other entity designated as such for the Series 2001 B Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

“Prior Bonds” means the Series 1980 Bonds, the Series 1999 Bonds and the Series 2001 A Bonds.

“Private Business Use” means use directly or indirectly in a trade or business carried on by a natural person, including all persons “related” to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons “related” to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to “incidental use,” if any, of the proceeds of the issue and/or proceeds used for “qualified improvements,” if any.

“Purchase Price,” for the purpose of computation of the yield of the Series 2001 B Bonds, has the same meaning as the term “issue price” in Section 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2001 B Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2001 B Bonds of each maturity is sold or, if the Series 2001 B Bonds are privately placed, the price paid by the first buyer of the Series 2001 B Bonds or the acquisition cost of the first buyer. “Purchase Price,” for purposes of computing yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2001 B Bonds for acquisition thereof,

or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2001 B Bonds.

“Qualified Investments” means and includes any of the following:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U. S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or “Ginnie Mae”)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)
7. U. S. Maritime Administration
Guaranteed Title XI financing
8. U. S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U. S. government guaranteed debentures
U. S. Public Housing Notes and Bonds - U. S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U. S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations
5. Ordinance Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, saving and loan associations or mutual savings banks. The collateral must be held by a third party and the Bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC.

G. Investment Agreements, including GIC's, acceptable to the Bond Insurer, if any, and if there is no Bond Insurer acceptable to 100% of the Holders of the Bonds.

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Issuer (buyer/lender), and the transfer of cash from the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Issuer in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria or be approved by the Bond Insurer, if any, and if there is no Bond Insurer, approved by 100% of the Holders of the Bonds.

1. Repos must be between the Lender and a dealer bank or securities firm
 - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Service, or
 - b. Banks rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.
2. The written repo contract must include the following:
 - a. Securities which are acceptable for transfer are:
 - (1) Direct U. S. governments, or
 - (2) Federal agencies backed by the full faith and credit of the U. S. government (and FNMA & FHLMC)
 - b. The term of the repo may be up to 30 days
 - c. The collateral must be delivered to the Issuer or third party acting as agent for the Issuer before/simultaneous with payment (perfection by possession of certificated securities).
 - d. Valuation of Collateral
 - (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.

- (a) The value of collateral must be equal to at least 104% of the amount of cash transferred by the Issuer to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal at least 105%.

3. Legal opinion which must be delivered to the Issuer:

- a. Repo meets guidelines under state law for legal investment of public funds.

L. Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest will be deemed a permitted investment.

“Rebate Fund” means the fund created pursuant to Section 4.01 hereof.

“Record Date” means the day of the month which shall be so stated in the Series 2001 B Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

“Recorder” means the Recorder of the Issuer.

“Redemption Date” means the date fixed for redemption of the Series 1986 Bonds, the Series 2001 B Bonds, the Prior Bonds or any other Bonds of the Issuer called for redemption.

“Redemption Price” means the price at which the Series 1986 Bonds, the Series 2001 B Bonds, the Prior Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

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

“Renewal and Replacement Fund” means the Renewal and Replacement Fund established or continued by Section 4.01 hereof.

“Representation Letter” means the Letter of Representations among the Issuer, DTC and the Paying Agent.

“Revenue Fund” means the Revenue Fund established or continued by Section 4.01 hereof.

“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 A Bonds” means the Issuer’s Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program), dated February 13, 2001, issued in the original principal amount of \$523,072.

“Series 2001 A Bonds Ordinance” means the Bond Ordinance enacted by the Issuer on January 24, 2001, authorizing the issuance of the Series 2001 A Bonds, as supplemented and amended.

“Series 2001 B Bonds” means the Sewerage System Refunding Revenue Bonds, Series 2001 B, of the Issuer, originally authorized to be issued pursuant to this Ordinance.

“Series 2001 B Bonds Redemption Account” means the Series 2001 B Bonds Redemption Account for the Series 2001 B Bonds established by Section 4.02 hereof.

“Series 2001 B Bonds Reserve Account” means the Series 2001 B Bonds Reserve Account established in the Series 2001 B Bonds Sinking Fund pursuant to Section 4.02 hereof.

“Series 2001 B Bonds Reserve Requirement” means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2001 B Bonds in the then current or any succeeding year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory redemption.

“Series 2001 B Bonds Sinking Fund” means the Series 2001 B Bonds Sinking Fund established by Section 4.02 hereof.

“State” means the State of West Virginia.

“Supplemental Resolution” means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article “the,” refers specifically to the Supplemental Resolution authorizing the sale of the Series 2001 B Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2001 B 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 Prior Bonds and Bonds or any other obligations of the Issuer, as further defined in Section 4.03(C) hereof.

“System” means the properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, owned by 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.

“Term Bonds” means Series 2001 B Bonds subject to mandatory sinking fund redemption, as described by Section 3.07 hereof.

“Yield” means the definition given that term in Section 148(h) of the Code.

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 REFUNDING

Section 2.01. Authorization of Refunding. All Series 1986 Bonds Outstanding as of the date of issuance of the Series 2001 B Bonds, are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Series 1986 Bonds imposed by the Series 1986 Bonds Ordinance, the moneys in the funds and accounts created by the Series 1982 Bonds Ordinance pledged to payment of the Series 1986 Bonds, and any other funds pledged by the Series 1986 Bonds Ordinance to payment of the Series 1986 Bonds are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2001 B Bonds and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Series 1986 Bonds; and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1986 Bonds as the same become due, plus the premium, if any, to the permitted Redemption Date thereof, being September 14, 2001, and on such Redemption Date to pay the Redemption Price of the Series 1986 Bonds, all as shall be set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the Series 2001 B Bonds and other moneys into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and

maintained on behalf of the Series 1986 Bonds shall be released from the lien created by the Series 1986 Bonds Ordinance and deposited in the Escrow Fund, the Series 2001 B Bonds Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Bonds issued pursuant to this Ordinance shall be issued as fully registered Bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

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

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Exhibit A attached hereto and incorporated herein by reference with respect to the Series 2001 B Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a

service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen, Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

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

Section 3.06. Notice of Redemption. Unless waived by any Holder of the Series 2001 B Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (1) The Redemption Date,
- (2) The Redemption Price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts and CUSIP numbers, if any) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Paying Agent, and

(6) Such other information, if any, as shall be required for DTC-Eligible Bonds or as may be required by the Issuer.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such moneys are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar, the Paying Agent and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Ordinance. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying a portion of the costs of refunding all of the Series 1986 Bonds of the Issuer, funding the Series 2001 B Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2001 B Bonds of the Issuer, in an aggregate principal amount of not more than \$1,800,000. Said Series 2001 B Bonds shall be designated "Sewerage System Refunding Revenue Bonds, Series 2001 B" and shall be issued in fully registered form, in the denomination of \$5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2001 B Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2001 B Bonds shall be numbered from R-1 consecutively upward. The Series 2001 B Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Delivery of Bonds. The Issuer shall execute and deliver the Series 2001 B Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2001 B Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 2001 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require:

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2001 B Bonds to the Original Purchaser;

(C) Copies of this Ordinance and the Supplemental Resolution certified by the Recorder:

(D) The unqualified approving opinion upon the Series 2001 B Bonds by Bond Counsel; and

(E) A copy of the Escrow Agreement and such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.12. Form of Bonds. The definitive Series 2001 B Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2001 B Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2001 B Bonds shall have the form of the opinion of Bowles Rice McDavid Graff & Love, PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.13. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2001 B Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2001 B Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2001 B Bonds Sinking Fund and applied to payment of interest on the Series 2001 B Bonds at the first interest payment date.

B. The amount of the Series 2001 B Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1986 Bonds (which amount shall be set forth in the Escrow Agreement or Supplemental Resolution) shall be deposited in the Escrow Fund.

C. The amount of Series 2001 B Bond proceeds equal to the Series 2001 B Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 2001 B Bonds Reserve Account; provided that, to the extent the Series 2001 B Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1986 Bonds pursuant to the Series 1986 Bonds Ordinance, Series 2001 B Bond proceeds shall be deposited in the Series 2001 B Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2001 B Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 2001 B Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2001 B Bonds and miscellaneous costs of refunding the Series 1986 Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the

Issuer to the Series 2001 B Bonds Sinking Fund established in Section 4.02 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2001 B Bonds from which such proceeds are derived.

Section 3.14. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2001 B Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2001 B Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2001 B Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2001.

Section 3.15. Term Bonds. In the event Term Bonds are issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2001 B Bonds Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to Series 2001 B Bonds shall be set forth in the Supplemental Resolution, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2001 B Bonds Sinking Fund and the next ensuing principal payment or mandatory redemption date is less than 12 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory redemption date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect to its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and cancelled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory

redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. If the Issuer intends to utilize the provisions of B above, the Issuer shall on or before the 60th day next preceding each mandatory redemption date furnish the Registrar and the Commission with its certificate indicating to what extent of the provisions of the preceding paragraph B are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Commission may use the moneys in the Series 2001 B Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory redemption date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, the aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Series 2001 B Bonds Sinking Fund), that are required to be redeemed on each mandatory redemption date as set forth in the Supplemental Resolution, the principal amount of such Series 2001 B Bonds so redeemed to be paid from such Series 2001 B Bonds Redemption Account and the payments therein designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any Series 2001 B Bonds the principal of which is required to be redeemed prior to the stated maturity of the subject Series 2001 B Bond, as provided in the Supplemental Resolution and shall include any portion of a fully registered Term Bond.

Section 3.16. Book-Entry Bonds.

A. Except as provided in subparagraph (C.) of this Section 3.16, the Registered Owner of all of the Series 2001 B Bonds shall be DTC, and the Series 2001 B Bonds shall be registered in the name of Cede & Co. Payment of principal and interest for any Series 2001 B Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of New York clearing house or equivalent next-day funds to the account of Cede & Co. on the interest payment date for the Series 2001 B Bonds at the address indicated on the Record Date for Cede & Co. in the Bond Register.

B. The Issuer, the Bond Registrar and the Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2001 B Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Series 2001 B Bonds, selecting the Series 2001 B Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2001 B Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and the Issuer, the Bond Registrar and the Paying Agent shall not be affected by any notice to the contrary. The Issuer, the Bond Registrar and the Paying Agent shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2001 B Bonds under or through DTC or any Participant, or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2001 B Bonds; any notice which is permitted or required to be given to Bondholders under this Ordinance; the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2001 B Bonds; or any consent given or other action taken by DTC as Bondholder. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2001 B Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal or redemption price of and interest on the Series 2001 B Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Series 2001 B Bond for each separate stated maturity evidencing the obligation of the Issuer to make payments of principal or redemption price and interest pursuant to this Ordinance. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

C. In the event the Issuer determines that it is in the best interest of the Registered Owners that they be able to obtain Bond certificates, the Issuer may notify DTC, whereupon DTC will notify the Participants, of the availability through DTC of Bond certificates. In such event, the Issuer shall issue and the Bond Registrar shall authenticate, transfer and exchange Bond certificates as requested by DTC and any other Bondholders in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2001 B Bonds at any time by giving notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Issuer shall be obligated to deliver Bond certificates as described herein. In the event Bond certificates are issued, the provisions herein shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the Issuer to do so, the Issuer will assist DTC in taking appropriate action after reasonable notice (a) to make available one or more separate certificates evidencing the Series 2001 B Bonds to any Participant having the Series 2001 B Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2001 B Bonds.

D. Notwithstanding any other provisions of this Ordinance to the contrary, so long as any Series 2001 B Bond is registered in the name of Cede & Co., all payments with respect to the principal or redemption price of and interest on such Bond and all notices with respect to such Series 2001 B Bond shall be made and given, respectively, to DTC as provided in the Representation Letter. When the Issuer gives notice to DTC or its nominee as Bondholder, it shall request that DTC forward (or cause to be forwarded) the notices to the Participants so that such Participants may forward (or cause to be forwarded) such notices to the Registered Owners.

E. In connection with any notice or other communication to be provided to Bondholders pursuant to this Ordinance by the Issuer with respect to any consent or other action to be taken by Bondholders, the Issuer shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible. Notice to DTC shall be given only when DTC is the sole Bondholder.

ARTICLE IV

FUNDS AND ACCOUNTS: SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinances) with, and shall be held by, the Depository Bank, segregated 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 (established by the Series 1986 Bonds Ordinance);
- D. Costs of Issuance Fund;
- E. Earnings Fund; and
- F. Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinances) with, and shall be held by, the Bond Commission, separate and apart from all other funds or accounts of the Bond Commission and the Issuer and from each other:

- 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 A Bonds Reserve Account (established by the Series 1999 Bonds Ordinance as the Series 1999 Bonds Reserve Account and modified by the Series 2001 A Bonds Ordinance to be the Series 1999 and 2001 Bonds Reserve Account);

E. Series 2001 A Bonds Sinking Fund (established by the Series 2001 A Bonds Ordinance as the Series 2001 Bonds Sinking Fund);

F. Series 2001 B Bonds Sinking Fund;

G. Within the Series 2001 B Bonds Sinking Fund, the Series 2001 B Bonds Reserve Account; and

H. Within the Series 2001 B Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

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) beginning 6 months prior to the first interest payment date on the Series 2001 B Bonds, remit to the Commission for deposit in the Series 2001 B Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2001 B Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2001 B Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than 6 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that there shall be allowed as a credit against the respective payments any amounts on deposit in the respective Sinking Funds as accrued interest, capitalized interest or otherwise.

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 1999 Bonds Ordinance for deposit in the Series 1999 Bonds Sinking Fund for payment of principal of the Series 1999 Bonds; (iii) remit to the Commission the amount required by the Series 2001 A Bonds Ordinance for deposit in the Series 2001 A Bonds Sinking Fund for payment of principal of the Series 2001 A Bonds; and (iv) beginning 12 months prior to the first principal payment date of the Series 2001 B Bonds, remit to the Commission for deposit in the Series 2001 B Bonds Sinking Fund, and in the Series 2001 B Bonds Redemption Account therein in the case of Term Bonds, a sum equal to 1/12th of the amount of principal which will mature or become due as a result of mandatory redemption on the Series 2001 B Bonds on the next ensuing annual principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2001 Bonds Sinking Fund or the Series 2001 B Bonds Redemption Account, as the case may be, and the next ensuing annual principal payment date or mandatory redemption date, as the case may be, is less than 12 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory redemption date, as the case may be, 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 1999 Bonds Ordinance and the Series 2001 A Bonds Ordinance to be deposited in the Series 1999 and 2001 A Bonds Reserve Account; and (iii) remit to the Commission for deposit in the Series 2001 B Bonds Reserve Account the amount required to have on deposit therein the Series 2001 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2001 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2001 B 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 V 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 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2001 B Bonds as the same shall become due. Moneys in the Series 2001 B Bonds Redemption Account shall be used only for the purposes of paying principal of the Series 2001 B Bonds as the same shall become due as a result of the redemption of the Series 2001 B Bonds. Moneys in the Series 2001 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2001 B Bonds, as the same shall come due, when other moneys in the Series 2001 B Bonds Sinking Fund and Series 2001 B Bonds Redemption Account are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2001 B Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account and Series 2001 B Bonds Reserve Account (if equal to at least the Series 2001 B Bonds Reserve Requirement) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments due on the Series 2001 B Bonds.

Any withdrawals from the Series 2001 B Bonds Reserve Account which result in a reduction in the balance of the Series 2001 B Bonds Reserve Account to below the Series 2001 B 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 B 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 B Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account or into the Series 2001 B Bonds Reserve Account when the aggregate amount of funds in said Series 2001 B Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account and Series 2001 B Bonds Reserve Account are at least equal to the aggregate principal amount of the Series 2001 B 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 B 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 B Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account and the Series 2001 B Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 2001 Bonds Sinking Fund, the Series 2001 B Bonds Redemption Account and the Series 2001 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 5.01 hereof.

The Series 2001 Bonds Sinking Fund and the Series 2001 B Bonds Redemption Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2001 B Bonds under the conditions and restrictions set forth herein. The Series 2001 B Bonds Reserve Account shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Series 2001 B Bonds when the amounts in the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Redemption Account, 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 B 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.

C. 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.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges and fees then due.

E. 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.

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates; provided, however, that the priority of curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this section 4.03, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Ordinance in Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2001 B Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) Subject to Section 5.03, the Issuer shall, or shall cause the Bond Commission to at least annually transfer from the Series 2001 B Bonds Reserve Account to the Issuer for deposit to the Revenue Fund and then for deposit by the Issuer in the Series 2001 B Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2001 B Bonds Reserve Account an amount at least equal to the requirement therefor.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2001 B Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2001 B Bonds Reserve Account shall, at any time, be less than the applicable requirement therefor, the Holders shall be notified immediately of such deficiency and

such deficiency shall be made up from the first available Net Revenues in the order set forth in Section 4.03 hereof.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 2001 B Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2001 B Bonds Sinking Fund, including the Series 2001 B Bonds Redemption Account and Series 2001 B Bonds Reserve Account therein, may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2001 B Bonds in such manner and to such extent as may be necessary, so that the Series 2001 B Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2001 B Bonds) so that the interest on the Series 2001 B Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 5.03. Tax Certificate and Rebate. A. GENERAL COVENANT. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2001 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2001 B Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

B. CREATION OF FUNDS. Notwithstanding the above, unless the Series 2001 B Bonds are exempted from the arbitrage rebate requirements of Section 148(f) of the Code, there are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Ordinance, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Ordinance, other than (i) interest earnings and profits on any funds referenced in Subsection D(5) of this Section if such earnings in any Bond Year are less than \$100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited

in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on the last day of each Bond Year or on the preceding business day in the event that such last day is not a business day, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of debt service on the next interest payment date and for such purpose, debt service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

C. DUTIES OF ISSUER IN GENERAL. The Issuer shall calculate Excess Investment Earnings in accordance with Subsection D and shall assure payment of an amount equal to Excess Investment Earnings to the United States in accordance with Subsection E and F.

D. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 30 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 30 days following the last day of each Bond Year and within 30 days following the date of the retirement of the Bonds, the Issuer shall calculate, and shall provide written notice to the Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

- (1) Except as provided in (2), in determining the amount described in clause A(i) of the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.
- (2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, Investment Property shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that

gain or loss on the disposition of such Investment Property shall be computed with reference to such fair market value as its adjusted basis.

- (3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the closing date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).
- (4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."
- (5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and debt service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual debt service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than \$100,000.

E. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection E, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor.

F. FURTHER OBLIGATIONS OF ISSUER. The Issuer shall assure that Excess Investment Earnings are not paid or disbursed except as required in this Section. To that end the Issuer shall assure that investment transactions are on an arm's length basis and that Nonpurpose Investments are acquired at their fair market value. In the event that Nonpurpose Investments consist of certificates of deposit or investment contracts, investment in such Nonpurpose Investments shall be made in accordance with the procedures described in applicable Regulations as from time to time in effect. The Depository Bank shall keep the moneys in the Earnings Fund and Rebate Fund invested and reinvested to the fullest extent practicable in Government Obligations with maturities consonant with the required use thereof and investment profits and earnings shall be credited to the account of such fund on which earned.

G. MAINTENANCE OF RECORDS. The Issuer shall keep, and retain for a period of six (6) years following the retirement of the Bonds, records of the determinations made pursuant to this Section 5.03.

H. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 5.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

I. SMALL ISSUER EXEMPTION. In connection with the foregoing, and to establish that the Issuer is exempt from the arbitrage rebate requirements of Section 148(f) of the Code with respect to the Series 2001 B Bonds, the Issuer hereby represents that it recognizes the provisions of Section 148(f)(4)(D) of the Code which except issues of obligations by certain "small governmental units" from certain arbitrage rebate requirements imposed by Section 148(f) of the Code. For purposes of establishing that the Issuer is a "small governmental unit" for the purposes and within the meaning of Section 148(f)(4)(D) of the Code, the Issuer represents and warrants that (A) it is a governmental unit with general taxing powers, (B) the Series 2001 B Bonds do not constitute a "private activity bond" (as defined in Section 141 of the Code), (C) 100% of the net proceeds of the Series 2001 B Bonds are to be used for local governmental activities of the Issuer within the meaning of Section 148(f)(4)(D)(i)(III) of the Code, and (D) the aggregate face amount of all tax exempt bonds (other than private activity bonds) issued by the Issuer and subordinate entities of the Issuer during the calendar year of issuance of the Series 2001 B Bonds is not reasonably expected to exceed \$5,000,000. In connection with the issuance of the Series 2001 B Bonds, Bond Counsel shall be entitled to rely on the representations in this Section in rendering its opinions.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2001 B Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2001 B Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2001 B Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2001 B Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2001 B Bonds Sinking Fund and the Series 2001 B Bonds Redemption Account and the Series 2001 B Bonds Reserve Account therein, and the unexpended proceeds of the Series 2001 B Bonds, all as herein provided. No Holder or Holders of the Series 2001 B Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2001 B Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Series 2001 B Bonds issued hereunder 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 the Net Revenues in favor of the Holders of the Prior Bonds, and all moneys and securities in the Series 2001 B Bonds Sinking Fund, including the Series 2001 B Bonds Redemption Account and the Series 2001 B Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the interest on and principal of the Series 2001 B Bonds herein authorized, and to make the payments into the Series 2001 B Bonds Sinking Fund, all moneys and securities in the Series 2001 B Bonds Sinking Fund, including the Series 2001 B Bonds Redemption Account and the Series 2001 B Bonds Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the interest on and principal of the Series 2001 B Bonds herein authorized as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. 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 Fiscal Year for payment of principal of and interest on the Series 2001 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 B 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 2001 B Bonds Reserve Account and reserve accounts for obligations on a parity with the Series 2001 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2001 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2001 B Bonds, including the Prior Bonds.

Section 6.05. Operation and Maintenance. The Issuer will operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

Section 6.06. 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 authorizing the Prior Bonds. Additionally, so long as the Series 2001 B Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 2001 B Bonds Outstanding, or to effectively defease this Ordinance in accordance with Article IX hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2001 B Bonds, immediately be remitted to the Bond Commission for deposit in the Series 2001 B Bonds Sinking Fund, and the Issuer shall direct the Bond Commission to apply such proceeds to the payment of principal at maturity or earlier redemption of and interest on the Series 2001 B Bonds. Any balance remaining after the payment of the Series 2001 B Bonds and interest thereon shall be remitted to the Issuer by the Bond 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 \$50,000, 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 \$50,000 but not in excess of \$250,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$50,000 and not in excess of \$250,000, 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 Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$250,000 and insufficient to pay all Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds and Prior Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.07 and in Section 6.08, the Issuer shall not issue any 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 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2001 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2001 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2001 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2001 B Bonds and the interest thereon, in this Ordinance, or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances authorizing the Prior Bonds 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 B Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2001 B Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the (i) acquisition or construction of extensions and improvements to the System or (ii) refunding one or more series of the Bonds or of the Prior Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided 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, if any, on the following:

- (1) The Prior Bonds and 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 and, if required by the laws of the State, approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such additional 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 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.

Not later than simultaneously with the delivery of such Parity Bonds or within 30 days thereafter, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the 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 revenues of the System is subject to the prior and superior liens of the Series 2001 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2001 B Bonds.

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

Notwithstanding the foregoing, the Issuer may issue Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any issues or series of the Bonds or Prior Bonds, provided that the annual debt service required on account of the refunding Bonds and the Bonds or Prior Bonds which are not refunded shall not be greater in any year in which the Bonds or Prior Bonds not refunded and the refunding Bonds are to be Outstanding than the annual debt service required in such year if the Bonds or Prior Bonds to be refunded were not so refunded.

Section 6.09. Insurance. 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. 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 customarily carried with respect to works and properties similar to the System, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Issuer.

Section 6.10. 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 thereof shall avail himself or themselves of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the waterworks System, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks System)

until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks System is 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 6.12. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting System for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting System which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing the following:

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

(B) A balance sheet and a statement of account balances in all funds and accounts provided for herein and status of said funds.

(C) The Outstanding balances of the Bonds and Prior Bonds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Ordinance.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget until the Issuer shall have approved such expenditure by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or waterborne 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 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2001 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2001 B Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2001 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2001 B Bonds during the term thereof is, under the terms of the Series 2001 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2001 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2001 B Bonds during the term thereof is, under the terms of the Series 2001 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2001 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2001 B Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. **PRIVATE LOAN LIMITATION.** The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2001 B Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. **FEDERAL GUARANTEE PROHIBITION.** The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2001 B Bonds to be directly or indirectly “federally guaranteed” within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. **INFORMATION RETURN.** The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2001 B Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. **FURTHER ACTIONS.** The Issuer will take all actions that may be required of it so that the interest on the Series 2001 B Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Continuing Disclosure. In order to provide the written undertaking for the benefit of the owners of the Series 2001 B Bonds required by the Securities and Exchange Commission Rule 15c2-12, the Issuer shall enter into the Continuing Disclosure Certificate in the form to be set forth as an exhibit to the Supplemental Resolution.

Section 6.19. Preliminary Official Statement; Official Statement. The distribution of the Preliminary Official Statement with respect to the Series 2001 B Bonds, in the form to be approved by a subsequent resolution of the Issuer, is hereby authorized. The Mayor is hereby authorized and directed to execute and deliver a final official statement on behalf of the Issuer, which shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be required to reflect the terms of the sale of the Series 2001 Bonds and as the Mayor may approve (the "Official Statement"). The execution of the Official Statement by the Mayor shall be conclusive evidence of such approval. Copies of the Official Statement are hereby authorized to be prepared and furnished to the Original Purchaser for distribution.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an “Event of Default” with respect to the Series 2001 B Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on the Series 2001 B Bonds;

(B) If default occurs in the Issuer’s observance of any of the covenants, agreements or conditions on its part in this Ordinance or any Supplemental Resolution or in the Series 2001 B Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(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 Bonds Ordinances authorizing the issuance of the Prior Bonds.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Ordinance:

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Ordinance or the rights of the Bondholders.

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall

be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2001 B Bonds shall be on a parity with those of the Holders of the Prior Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver 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 the Holders of the Bonds issued pursuant to this Ordinance. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Ordinance, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Ordinance, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Ordinance, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Ordinance by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2001 B Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar if required by the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Series 2001 B Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Series 2001 B Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Series 2001 B Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01, or if there is no such agreement, by accepting the role of Registrar hereunder.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Series 2001 B Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Series 2001 B Bonds or this Ordinance, whether or not any such committee shall represent the Holders of a majority in principal amount of the Series 2001 B Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and mailing such notice to each Bondholder, specifying the date when such resignation shall take effect. Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Series 2001 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Series 2001 B Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall mail to each Bondholder notice of any such appointment within 20 days after the effective date of such appointment. Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper

or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Series 2001 B Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Series 2001 B Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the corporate trust assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Ordinance. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agent shall, until used or applied as provided in this Ordinance, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2001 B Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2001 B Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2001 B Bonds from gross income for federal income tax purposes.

The Series 2001 B Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2001 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2001 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2001 B Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2001 B Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of, any redemption premium and interest on the Series 2001 B Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2001 B Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.04 hereof.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. Prior to issuance of the Series 2001 B Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Ordinance, shall be controlling. Following issuance of the Series 2001 B Bonds, this Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. No materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2001 B Bonds then Outstanding and affected thereby which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2001 B Bond without the express written consent of the Holder of each Series 2001 B Bond so affected, nor reduce the percentage of Series 2001 B Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Ordinance may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Ordinance if made in the following manner, or in any other manner satisfactory to the Issuer, Paying Agent or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgments of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the Issuer, the Paying Agent or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer, the Paying Agent or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Paying Agent or the Registrar under the provisions of this Ordinance shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Paying Agent or the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Ordinance shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Ordinance and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date

shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, or the Original Purchaser shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

City of Keyser
111 North Davis Street
Keyser, West Virginia ____
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name(s) and address(es) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

[Name(s) and address(es) to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Governing Body of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the redemption premium or interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Ordinance.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Ordinance and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2001 B Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Ordinance. All the covenants, stipulations, promises and agreements contained in this Ordinance by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Series 2001 B Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Ordinance.

Section 10.11. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 10.12. Conflicting Provisions Repealed. All orders, ordinances, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Bonds Ordinances authorizing the Prior Bonds, such Prior Bonds Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 10.13. 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 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 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Recorder is hereby authorized and directed to have an abstract of this Ordinance, substantially in the form attached hereto as Exhibit B, which abstract has been determined by the Governing Body of the Issuer to contain sufficient information to give notice of the contents of such Ordinance, published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the News-Tribune, a newspaper published and having a general circulation in the City of Keyser, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2001 B Bonds described in this Ordinance and that any person interested may appear before the Governing Body at the public hearing to be had at a public meeting of Governing Body on the 10th day of September, 2001, at 5:30 p.m., in the meeting room of the Governing Body in the City Hall of the

City of Keyser and present protests, and that a certified copy of this 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 protests and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises.

This Ordinance shall become effective following public hearing hereon in accordance with the Act.

Passed on First Reading August 22, 2001

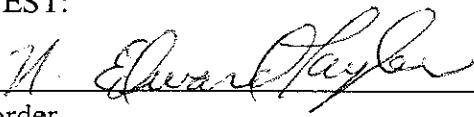
Passed on Second Reading: August 29, 2001

Put into effect following
Public Hearing held on: September 10, 2001



Mayor

ATTEST:



Recorder

CERTIFICATION

Certified a true, correct and complete copy of a Ordinance duly enacted by the City Council of the City of Keyser on the 29th day of August, 2001, and put into effect following a public hearing held on September 10, 2001.

Dated this 13th day of September, 2001.

[SEAL]

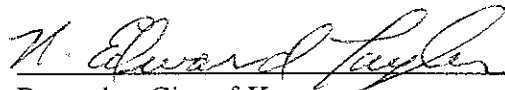

Recorder, City of Keyser

EXHIBIT A

BOND FORM

No. R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

INTEREST RATE

MATURITY DATE

BOND DATE

CUSIP NO.

REGISTERED OWNER:_____

PRINCIPAL AMOUNT:_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, monthly, on the first day of each month, beginning October 1, 2001 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, West Virginia, as

paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (the 15th day of the month preceding the applicable Interest Payment Date, whether such date is a Business Day or not) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Interest Payment Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of \$_____ designated "City of Keyser (West Virginia) Sewerage System Refunding Revenue Bonds, Series 2001 B" (the "Bonds"), of like tenor and effect, except as to number, denomination and interest rate, dated September ____, 2001, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Revenue Bonds, Series 1986, dated August 29, 1986, of the Issuer outstanding in the total aggregate principal amount of [\$_____] (the "Series 1986 Bonds"), which Series 1986 Bonds were issued to finance a portion of the cost of the acquisition and construction of the public sewerage system of the Issuer. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on August ____, 2001, and supplemented by a supplemental resolution duly adopted by the Issuer on September ____, 2001 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1980, DATED SEPTEMBER 14, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$970,000; THE ISSUER'S SEWER REVENUE BONDS, SERIES 1999, DATED NOVEMBER 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,753,801; AND THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY

13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$523,072 (COLLECTIVELY, THE "PRIOR BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. OPTIONAL REDEMPTION OF BONDS.

The Bonds maturing on or after _____ 1, _____, shall be redeemable prior to their stated date of maturity at the option of the Issuer on or after _____ 1, 20____, in whole at any time or in part on any interest payment date, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the respective redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus interest accrued to the date fixed for redemption:

Redemption Periods
(Both Dates Inclusive)

Redemption
Prices

B. MANDATORY REDEMPTION OF BONDS.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year

Amount

When such Bonds have been redeemed as set forth above, a balance of \$ _____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$ _____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$ _____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$ _____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$_____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$_____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$_____ will mature on _____ 1, _____, unless previously retired.

The Bonds maturing on _____ 1, _____, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on _____ 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

Year Amount

When such Bonds have been redeemed as set forth above, a balance of \$_____ will mature on _____ 1, _____, unless previously retired.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation and date of issue.

Notice of any optional redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

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

funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the 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.

All moneys received from the sale of this Bond, except for accrued interest thereon, if any, shall be applied solely to refund the Series 1986 Bonds and pay all costs in connection therewith and costs of issuance hereof and to fund the Series 2001 B Bonds Reserve Account, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia and any county, municipality, and political subdivision thereof.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Ordinance and the 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 imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

CITY OF KEYSER

By _____
Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

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

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

Dated: _____, _____.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

EXHIBIT B
Notice of Public Hearing

CITY OF KEYSER
NOTICE OF PUBLIC HEARING
ON BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the City of Keyser to be held on September ____, 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:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE AND REFUNDING REVENUE BONDS, SERIES 1996; THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was enacted by the Council of the City of Keyser on August ____, 2001.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond issues contemplated thereby. The Bonds are to provide funds that, together with other available monies of the City of Keyser, will be sufficient to satisfy and defease the City

of Keyser Sewer Revenue Bonds, Series 1986. 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: _____, 2001.

/s/ _____, Recorder

**CITY OF KEYSER
SEWERAGE SYSTEM REFUNDING REVENUE BONDS,
SERIES 2001 B**

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PUTTING INTO EFFECT BOND ORDINANCE ENACTED ON AUGUST 29, 2001, AUTHORIZING THE ISSUANCE OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; PROVIDING AS TO AMOUNT, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE BONDS; SUPPLEMENTING AND AMENDING THE ORDINANCE ENACTED ON AUGUST 29, 2001, AUTHORIZING THE BONDS; APPROVING A BOND PURCHASE AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS AND DOCUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR AND PAYING AGENT; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, the City of Keyser (West Virginia) (the "Issuer"), in the County of Mineral, State of West Virginia, is a municipal corporation and political subdivision of the State of West Virginia and, unless the context clearly indicates otherwise, includes the City Council of the Issuer (the "Governing Body");

WHEREAS, the Governing Body duly enacted on August 29, 2001, an ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1986 OF THE CITY OF KEYSER; THE ISSUANCE BY THE CITY OF KEYSER OF NOT MORE THAN ONE MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$1,800,000) IN AGGREGATE PRINCIPAL AMOUNT OF CITY OF KEYSER SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDERS OF SUCH SEWERAGE SYSTEM REFUNDING

REVENUE BONDS, SERIES 2001 B; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Ordinance provided for the refunding of the Issuer's Sewer Revenue Bonds, Series 1986 dated August 29, 1986 (the "Series 1986 Bonds"), issued in the original aggregate principal amount of \$1,647,465, and the issuance of its Sewerage System Refunding Revenue Bonds, Series 2001 B (the "Series 2001 B Bonds"), in an aggregate principal amount of not more than \$1,800,000, for the purposes of paying a portion of the costs of such refunding, funding a reserve account for the Series 2001 B Bonds; and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Ordinance directed the Recorder of the Issuer to publish an abstract of the Ordinance (the "Abstract") together with a notice that the Ordinance had been adopted, that the Issuer contemplated the issuance of the Series 2001 B Bonds as described in the Ordinance, and that any interested person may appear at a public hearing before the Issuer upon a certain date and be heard as to whether or not the Ordinance should be put into effect (the "Notice");

WHEREAS, the Ordinance required that the Abstract and Notice be published;

WHEREAS, the Ordinance and the Notice provided for a public hearing to be held in the Council Chambers at the Keyser City Hall, 111 North Davis Street, Keyser, West Virginia at 5:30 p.m., on Monday, September 10, 2001;

WHEREAS, the Abstract and the Notice have been published and the public hearing was held as provided in the Notice;

WHEREAS, the Governing Body desires to put the Ordinance into effect;

WHEREAS, the Ordinance further provided that the exact principal amount of the Series 2001 B Bonds to be sold and the dates, maturities, interest rates, redemption provisions, price and other terms of the Series 2001 B Bonds should be established, that an Escrow Agent, Registrar, Paying Agent and Depository Bank be designated, that an Escrow Agreement be approved and that other matters pertaining to the Series 2001 B Bonds be provided for by a supplemental resolution of the Governing Body;

WHEREAS, the Series 2001 B Bonds are proposed to be purchased by Ross Sinclair & Associates, Inc. (the "Original Purchaser") pursuant to a Bond Purchase Agreement between the Issuer and the Original Purchaser (the "Bond Purchase Agreement"), the form of which has been presented to this meeting;

WHEREAS, this Council deems it essential and desirable that this Resolution be adopted and that the Bond Purchase Agreement be approved by the Issuer, that the Official Statement relating to the Series 2001 B Bonds, hereinafter described, be approved, that the price of the Series 2001 B Bonds, the maturity dates and amounts, the redemption provisions, the interest rates, and the exact principal amount of the Series 2001 B Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2001 B Bonds be herein provided for, all in accordance with said Ordinance;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF KEYSER (WEST VIRGINIA):

1. It is hereby found and determined:

(a) That the Abstract and the Notice were duly published in the News Tribune, a newspaper generally in circulation in Keyser, West Virginia, with the first publication thereof being on August 30, 2001, and with the last publication thereof being on September 6, 2001, and a copy of the affidavit of publication reflecting such publication shall be attached hereto and incorporated herein;

(b) That in accordance with the Ordinance and the Notice a copy of the Ordinance has been maintained in the office of the Recorder of the Issuer for review by interested persons during the regular office hours of such office; and

(c) That in the Council Chambers at the Keyser City Hall, 111 North Davis Street, Keyser, West Virginia at 5:30 p.m., on Monday, September 10, 2001, in accordance with the Ordinance and the Notice, the Issuer met for the purpose of hearing all comments as to whether the Ordinance adopted by the Issuer should be put into effect and heard all objections and suggestions with regard thereto.

2. Except for the amendments hereinafter set forth, the Ordinance shall be put into effect as of the date hereof, and the Series 2001 B Bonds described therein shall be issued as provided therein.

3. Pursuant to the Ordinance and the Act, this Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2001 B Bonds in the aggregate principal amount of \$1,795,000. The Series 2001 B Bonds shall be dated September 13, 2001, upon original issuance, shall bear interest payable semiannually on April 1 and October 1 of each year, commencing April 1, 2002, and shall mature on October 1 in years as follows:

<u>Maturity (October 1)</u>	<u>Amount</u>	<u>Interest Rate</u>
2004	\$130,000	4.0%
2007	145,000	4.50
2010	170,000	4.75
2012	125,000	5.00
2014	140,000	5.20
2016	155,000	5.30
2020	360,000	5.60
2025	570,000	5.80

4. The Series 2001 B Bonds shall be subject to optional and mandatory redemption as follows:

OPTIONAL REDEMPTION OF BONDS.

The Series 2001 B Bonds maturing on or after October 1, 2012, shall be redeemable prior to their stated date of maturity at the option of the Issuer on any Interest Payment Date on or after October 1, 2011, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, in multiples of \$5,000, at the respective redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus interest accrued to the date fixed for redemption:

<u>Redemption Periods (Both Dates Inclusive)</u>	<u>Redemption Prices</u>
October 1, 2011 - September 30, 2012	101%
October 1, 2012 and thereafter	100%

MANDATORY REDEMPTION OF BONDS.

The Series 2001 B Bonds maturing on October 1, 2004, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2002	\$40,000
2003	45,000

When such Series 2001 B Bonds have been redeemed as set forth above, a balance of \$45,000 will mature on October 1, 2004, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2007, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2005	\$45,000
2006	50,000

When such Series 2001 B Bonds have been redeemed as set forth above, a balance of \$50,000 will mature on October 1, 2007, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2010, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2008	\$55,000
2009	55,000

When such Series 2001 B Bonds have been redeemed as set forth above, a balance of \$60,000 will mature on October 1, 2010, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2012, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2011	\$60,000

When such Bonds have been redeemed as set forth above, a balance of \$65,000 will mature on October 1, 2012, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2014, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in

the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2013	\$70,000

When such Bonds have been redeemed as set forth above, a balance of \$70,000 will mature on October 1, 2014, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2016, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2015	\$75,000

When such Bonds have been redeemed as set forth above, a balance of \$80,000 will mature on October 1, 2016, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2020, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2017	\$85,000
2018	90,000
2019	90,000

When such Bonds have been redeemed as set forth above, a balance of \$95,000 will mature on October 1, 2020, unless previously retired.

The Series 2001 B Bonds maturing on October 1, 2025, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Series 2001 B Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2021	\$100,000
2022	110,000
2023	115,000
2024	120,000

When such Bonds have been redeemed as set forth above, a balance of \$125,000 will mature on October 1, 2025, unless previously retired.

5. In any case where the date for any payment on or with respect to the Series 2001 B Bonds is not a Business Day, then payment shall be made on the next succeeding Business Day and no interest shall accrue for the intervening period.

6. As permitted by Section 10.01 of the Ordinance, the Ordinance is hereby amended as follows:

A. Section 2.01. Authorization of Refunding, is hereby amended to read as follows:

Section 2.01. Authorization of Refunding. All Series 1986 Bonds Outstanding as of the date of issuance of the Series 2001 B Bonds in the aggregate principal amount of \$1,527,069, are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Series 1986 Bonds imposed by the Series 1986 Bonds Ordinance, the moneys in the funds and accounts created by the Series 1986 Bonds Ordinance pledged to payment of the Series 1986 Bonds, and any other funds pledged by the Series 1986 Bonds Ordinance to payment of the Series 1986 Bonds are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 2001 B Bonds and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Series 1986 Bonds; and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1986 Bonds as the same become due, plus the premium, if any, to the permitted Redemption Date thereof, being October 1, 2001, and on such Redemption Date to pay the Redemption Price of the Series 1986 Bonds, all as shall be set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the Series 2001 B Bonds and other moneys into the Escrow Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1986 Bonds shall be released from the lien created by the Series 1986 Bonds Ordinance and deposited in the Escrow Fund, the Series 2001 B Bonds Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or in the Supplemental Resolution and invested as provided therein.

B. The first sentence of Section 6.04. Rates, is hereby amended to read as follows:

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.

C. The second paragraph of Section 6.06. Sale of the System, is hereby amended to read as follows:

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall 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 Ordinance. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds and Prior Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds and Prior Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds and Prior Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

D. The fourth paragraph of Section 6.08. Additional Parity Bonds, is hereby amended to read as follows:

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 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, if any, on the following:

- (1) The Prior Bonds and 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.

E. The information with respect to the Issuer in Section 10.06. Notices, Demands and Requests, is hereby amended to read as follows:

ISSUER

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

7. Notwithstanding any provision of the Ordinance or herein to the contrary, an Escrow Agreement will not be used unless otherwise determined by the Mayor in his sole discretion. A portion of the proceeds of the Series 2001 B Bonds shall be disbursed on the date of issuance thereof to be applied, together with other funds available for such purpose, to refund, defease and fully satisfy the Series 1986 Bonds. In lieu of an Escrow Agreement, the Mayor is hereby authorized and directed to execute and deliver on behalf of the Issuer a Prepayment Agreement between the Issuer and the West Virginia Municipal Bond Commission, substantially in the form submitted to this meeting, with such changes, insertions and omissions as may be approved by the Mayor. Execution of the Prepayment Agreement by the Mayor shall be conclusive evidence of any approval required by this paragraph. If the Mayor determines to use an Escrow Agreement, the Escrow Agreement shall be between the Issuer and the West Virginia Municipal Bond Commission, or such other escrow agent as the Mayor shall designate, as Escrow Agent, to be dated as of the date of delivery of the Series 2001 B Bonds, in such form as the Mayor shall approve, and the execution and delivery by the Mayor thereof shall be and the same are hereby authorized and approved. Execution of the Escrow Agreement by the Mayor shall be conclusive evidence of any approval required by this paragraph.

8. The Bond Purchase Agreement between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, is hereby approved. The Mayor shall be and hereby is authorized to execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor. Execution of the Bond Purchase Agreement by the Mayor shall be conclusive evidence of any approval required by this paragraph. The price of the Series 2001 B Bonds, pursuant to the Bond Purchase Agreement, shall be \$1,744,740 (\$1,795,000 par amount, less underwriter's discount in the amount of \$50,260), there being no accrued interest thereon. The Series 2001 B Bonds shall be delivered to the Original Purchaser in exchange for the purchase price therefor on or about September 13, 2001.

9. The Official Statement, in the form submitted to this meeting, and the distribution of counterparts or copies thereof by the Original Purchaser are hereby authorized and approved. The execution and delivery of the Official Statement by the Mayor are hereby authorized, directed and approved.

10. The Issuer hereby determines that the Series 2001 B Bonds, when issued as set forth above in paragraph 3 above, will show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 2001 B Bonds.

11. The firm of Bowles Rice McDavid Graff & Love, PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2001 B Bonds.

12. The Governing Body does hereby appoint and designate the West Virginia Municipal Bond Commission as the Paying Agent for the Series 2001 B Bonds.

13. The Issuer does hereby appoint, and does hereby continue the appointment by the ordinance authorizing the Series 2001 A Bonds of, F&M Bank-West Virginia, Inc., Keyser, West Virginia, to serve in the capacity of Depository Bank.

14. The Issuer does hereby appoint and designate Fifth Third Bank, Cincinnati, Ohio, to serve in the capacity of Registrar.

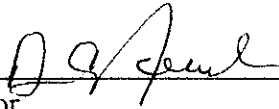
15. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents, agreements and certificates, including a tax and arbitrage certificate, required or desirable in connection with the issuance of the Series 2001 B Bonds to the end that the Series 2001 B Bonds may be delivered on a timely basis to the Original Purchaser.

16. Under the provisions of the Act, and as provided in the Ordinance and the Series 2001 B Bonds, the Series 2001 B Bonds and the interest thereon do not constitute indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Net Revenues derived from the operation of the System of the Issuer and the Series 2001 B Bonds Reserve Account established by the Ordinance, and neither the credit nor the

taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 2001 B Bonds and the interest thereon.

17. This Resolution shall be effective immediately.

Adopted this 10th day of September, 2001.



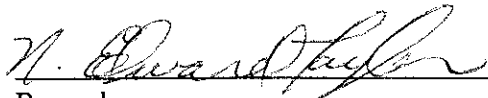
Mayor

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Governing Body of the City of Keyser (West Virginia) at a special meeting of the City Council held at 5:30 p.m. on September 10, 2001, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 13th day of September, 2001.

[SEAL]



Recorder

CITY OF KEYSER
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B

PREPAYMENT AGREEMENT

This AGREEMENT, made and entered into as of September 13, 2001, by and between City of Keyser (the "Issuer") and the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Commission").

W I T N E S S E T H T H A T:

WHEREAS, the Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds;

WHEREAS, the Issuer has received notice from the registered owner of its Sewer Revenue Bonds, Series 1986, dated August 29, 1986, originally issued in the aggregate principal amount of \$1,647,465, of which \$1,527,069 is presently outstanding (the "Series 1986 Bonds") that it may prepay such bonds on or before September 14, 2001;

WHEREAS, the Issuer has determined to issue its Sewerage System Refunding Revenue Bonds, Series 2001 B (the "Series 2001 B Bonds"), pursuant to an Ordinance enacted on August 29, 2001, and put into effect following a public hearing held on September 10, 2001, as supplemented and amended by a Supplemental Resolution adopted September 10, 2001 (collectively, the "2001 Ordinance"), and contemporaneously therewith, prepay and defease the Series 1986 Bonds by depositing a portion of the proceeds of the Series 2001 B Bonds with the Commission; and

WHEREAS, the cash amounts which will be delivered to the Commission simultaneously with the delivery of the Series 2001 B Bonds, along with funds currently on deposit with the Commission, are in such amounts as to insure the payment on October 1, 2001 (the "Redemption Date"), of the entire principal amount of the Series 1986 Bonds then outstanding, the redemption premium and all interest accrued thereon (collectively, the "Redemption Price");

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1986 Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The deposit of moneys with the Commission shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be applied to, the payment of the Redemption Price of the Series 1986 Bonds on the Redemption Date.

2. Concurrently with the delivery of the Series 2001 B Bonds, the sum of \$165,010.73 on deposit in the Series 1986 Bonds Reserve Account shall be transferred by the Commission to the Series 1986 Bonds Sinking Fund.

3. Concurrently with the delivery of the Series 2001 B Bonds, the Issuer shall deposit proceeds of the Series 2001 B Bonds in the amount of \$1,568,989.27 in the Series 1986 Bonds Sinking Fund. This deposit, along with the transfer of the moneys described in paragraph 2 above, and the existing balance in the Series 1986 Bonds Sinking Fund of \$ 90,565.61 (for a total of \$1,824,565.61) will be sufficient to pay the Redemption Price of the Series 1986 Bonds on the Redemption Date.

4. The Commission as Paying Agent for the Series 1986 Bonds shall apply the moneys in the Series 1986 Bonds Sinking Fund to the payment in full on October 1, 2001, of the Redemption Price of the Series 1986 Bonds.

5. The holders of the Series 1986 Bonds shall have an express lien on all moneys and assets in the Series 1986 Bonds Sinking Fund until paid out, used and applied in accordance with this Agreement.

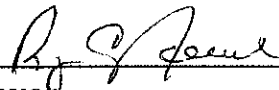
6. This Agreement shall terminate on the date on which all the Outstanding Series 1986 Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining in the Series 1986 Bonds Sinking Fund at the Commission after payment of administrative fees shall be transferred to the Issuer.

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

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

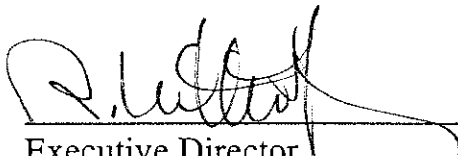
IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF KEYSER



Mayor

WEST VIRGINIA MUNICIPAL
BOND COMMISSION



Executive Director

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-1

\$130,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
4.0%	October 1, 2004	September 13, 2001	493374 AD 4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED THIRTY THOUSAND DOLLARS
(\$130,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-2

\$145,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
4.5%	October 1, 2007	September 13, 2001	493374 AE 2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FORTY-FIVE THOUSAND DOLLARS
(\$145,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

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No. R-3

\$170,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
4.75%	October 1, 2010	September 13, 2001	493374 AF 9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED SEVENTY THOUSAND DOLLARS
(\$170,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

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No. R-4

\$125,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
5.00%	October 1, 2012	September 13, 2001	493374 AG 7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED TWENTY-FIVE THOUSAND DOLLARS
(\$125,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

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No. R-5

\$140,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
5.20%	October 1, 2014	September 13, 2001	493374 AH 5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FORTY THOUSAND DOLLARS
(\$140,000.00)

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No. R-6

\$155,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
5.30%	October 1, 2016	September 13, 2001	493374 AJ 1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS
(\$155,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

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No. R-7

\$360,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
5.60%	October 1, 2020	September 13, 2001	493374 AK 8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY THOUSAND DOLLARS
(\$360,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

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No. R-8

\$570,000.00

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND,
Series 2001 B

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP NO.</u>
5.80%	October 1, 2025	September 13, 2001	493374 AL 6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: FIVE HUNDRED SEVENTY THOUSAND DOLLARS
(\$570,000.00)

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF KEYSER (WEST VIRGINIA), 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above, unless sooner redeemed as provided herein, and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has

been paid in full, at the Interest Rate per annum specified above, semiannually, on the first day of each April and October, beginning April 1, 2002 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (the 15th day of the month preceding the applicable Interest Payment Date, whether such date is a Business Day or not) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by Fifth Third Bank, Lexington, Kentucky, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Interest Payment Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

In any case where the date for any payment on or with respect to this Bond is not a Business Day, then payment shall be made on the next succeeding Business Day and no interest shall accrue for the intervening period.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of \$1,795,000 designated "City of Keyser (West Virginia) Sewerage System Refunding Revenue Bonds, Series 2001 B" (the "Bonds"), of like tenor and effect, except as to number, denomination and interest rate, dated September 13, 2001, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Revenue Bonds, Series 1986, dated August 29, 1986, of the Issuer outstanding in the total aggregate principal amount of \$1,527,069 (the "Series 1986 Bonds"), which Series 1986 Bonds were issued to finance a portion of the cost of the acquisition and construction of the public sewerage system of the Issuer. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on August 29, 2001, and put into effect following a public hearing held on September 10, 2001, as supplemented and amended by a supplemental resolution duly adopted by the Issuer on September 10, 2001 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of the Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the Issuer.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1980, DATED SEPTEMBER 14, 1981, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$970,000; THE ISSUER'S SEWER REVENUE BONDS, SERIES 1999 (WEST VIRGINIA SRF PROGRAM), DATED NOVEMBER 16, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$5,753,801; AND THE ISSUER'S SEWER REVENUE BONDS, SERIES 2001 (WEST VIRGINIA SRF PROGRAM), DATED FEBRUARY 13, 2001, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$523,072 (COLLECTIVELY, THE "PRIOR BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Ordinance and as set forth in the following lettered paragraphs:

A. OPTIONAL REDEMPTION OF BONDS.

The Bonds maturing on or after October 1, 2012, shall be redeemable prior to their stated date of maturity at the option of the Issuer on any Interest Payment Date on or after October 1, 2011, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, in multiples of \$5,000, at the respective redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus interest accrued to the date fixed for redemption:

Redemption Periods (Both Dates Inclusive)	Redemption Prices
October 1, 2011 - September 30, 2012	101%
October 1, 2012 and thereafter	100%

B. MANDATORY REDEMPTION OF BONDS.

The Bonds maturing on October 1, 2004, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in

the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2002	\$40,000
2003	45,000

When such Bonds have been redeemed as set forth above, a balance of \$45,000 will mature on October 1, 2004, unless previously retired.

The Bonds maturing on October 1, 2007, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2005	\$45,000
2006	50,000

When such Bonds have been redeemed as set forth above, a balance of \$50,000 will mature on October 1, 2007, unless previously retired.

The Bonds maturing on October 1, 2010, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2008	\$55,000
2009	55,000

When such Bonds have been redeemed as set forth above, a balance of \$60,000 will mature on October 1, 2010, unless previously retired.

The Bonds maturing on October 1, 2012, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in

the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2011	\$60,000

When such Bonds have been redeemed as set forth above, a balance of \$65,000 will mature on October 1, 2012, unless previously retired.

The Bonds maturing on October 1, 2014, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2013	\$70,000

When such Bonds have been redeemed as set forth above, a balance of \$70,000 will mature on October 1, 2014, unless previously retired.

The Bonds maturing on October 1, 2016, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2015	\$75,000

When such Bonds have been redeemed as set forth above, a balance of \$80,000 will mature on October 1, 2016, unless previously retired.

The Bonds maturing on October 1, 2020, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in

the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2017	\$85,000
2018	90,000
2019	90,000

When such Bonds have been redeemed as set forth above, a balance of \$95,000 will mature on October 1, 2020, unless previously retired.

The Bonds maturing on October 1, 2025, are required to be redeemed prior to maturity in accordance with the sinking fund requirements of the Ordinance on October 1 in the years and in the principal amounts and at a price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued to the redemption date, as follows:

<u>Year</u>	<u>Amount</u>
2021	\$100,000
2022	110,000
2023	115,000
2024	120,000

When such Bonds have been redeemed as set forth above, a balance of \$125,000 will mature on October 1, 2025, unless previously retired.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Registrar. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation and date of issue.

Notice of any optional redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Ordinance for the Bonds (the "Series 2001 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 2001 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Ordinance, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 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 that, in the event that amounts equal to or in excess of the reserve requirements are on deposit, respectively, in the Series 2001 B Bonds Reserve Account and reserve accounts for obligations on a parity with the Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the 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.

All moneys received from the sale of this Bond, except for accrued interest thereon, if any, shall be applied solely to refund the Series 1986 Bonds and pay all costs in connection therewith and costs of issuance hereof and to fund the Series 2001 B Bonds Reserve Account, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

This Bond, under the provisions 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, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia and any county, municipality, and political subdivision thereof.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Ordinance, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

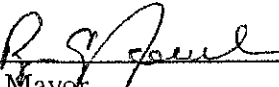
All provisions of the Ordinance and the statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Rest of Page Intentionally Left Blank]

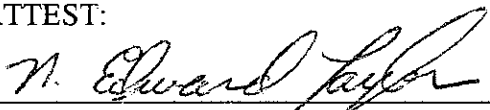
IN WITNESS WHEREOF, CITY OF KEYSER has caused this Bond to be signed by its Mayor, and its corporate seal to be imprinted hereon and attested by its Recorder, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

CITY OF KEYSER

By 
Mayor

ATTEST:


Recorder/City Clerk/City Administrator

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: September 13, 2001.

FIFTH THIRD BANK,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of
Assignee _____

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

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

Dated: _____, _____.

SIGNATURE GUARANTEED:

(Bank, Trust Company or Firm)

(Authorized Officer)

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

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

=====

Sources and Uses of Funds

=====

Delivery Date: 9/13/ 1

Sources of Funds

=====

PAR AMOUNT OF BONDS.....	\$1,795,000.00
+PREMIUM /-DISCOUNT.....	\$0.00
BOND PROCEEDS.....	
PORTION OF 1986 RESERVE APPLIED.....	1,795,000.00
	165,010.73

	\$1,960,010.73

Uses of Funds

=====

SERIES 1986A BONDS - PRINCIPAL.....	1,510,948.00
SERIES 1986A BONDS - CALL PREMIUM.....	34,000.00
ADDITIONAL WDA BOND PRINCIPAL.....	189,052.00
COST OF ISSUANCE.....	38,485.73
UNDERWRITERS DISCOUNT.....(2.800000%)	50,260.00
DEBT SERVICE RESERVE.....	137,265.00
CONTINGENCY.....	0.00

	\$1,960,010.73

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:11:02 Filename: KEYSER Key: REF-2001

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Bond Production Report
=====

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production
10/ 1/ 2	40,000.00	Term Bond	42	4.0000	4.0000	100.000		40,000.00
10/ 1/ 3	45,000.00	Term Bond	134	4.0000	4.0000	100.000		45,000.00
10/ 1/ 4	45,000.00	Term Bond	272	4.0000	4.0000	100.000		45,000.00
10/ 1/ 5	45,000.00	Term Bond	454	4.5000	4.5000	100.000		45,000.00
10/ 1/ 6	50,000.00	Term Bond	706	4.5000	4.5000	100.000		50,000.00
10/ 1/ 7	50,000.00	Term Bond	1009	4.5000	4.5000	100.000		50,000.00
10/ 1/ 8	55,000.00	Term Bond	1397	4.7500	4.7500	100.000		55,000.00
10/ 1/ 9	55,000.00	Term Bond	1839	4.7500	4.7500	100.000		55,000.00
10/ 1/10	60,000.00	Term Bond	2382	4.7500	4.7500	100.000		60,000.00
10/ 1/11	60,000.00	Term Bond	2985	5.0000	5.0000	100.000		60,000.00
10/ 1/12	65,000.00	Term Bond	3704	5.0000	5.0000	100.000		65,000.00
10/ 1/13	70,000.00	Term Bond	4547	5.2000	5.2000	100.000		70,000.00
10/ 1/14	70,000.00	Term Bond	5461	5.2000	5.2000	100.000		70,000.00
10/ 1/15	75,000.00	Term Bond	6514	5.3000	5.3000	100.000		75,000.00
10/ 1/16	80,000.00	Term Bond	7718	5.3000	5.3000	100.000		80,000.00
10/ 1/17	85,000.00	Term Bond	9083	5.6000	5.6000	100.000		85,000.00
10/ 1/18	90,000.00	Term Bond	10617	5.6000	5.6000	100.000		90,000.00
10/ 1/19	90,000.00	Term Bond	12242	5.6000	5.6000	100.000		90,000.00
10/ 1/20	95,000.00	Term Bond	14051	5.6000	5.6000	100.000		95,000.00
10/ 1/21	100,000.00	Term Bond	16056	5.8000	5.8000	100.000		100,000.00
10/ 1/22	110,000.00	Term Bond	18372	5.8000	5.8000	100.000		110,000.00
10/ 1/23	115,000.00	Term Bond	20908	5.8000	5.8000	100.000		115,000.00
10/ 1/24	120,000.00	Term Bond	23674	5.8000	5.8000	100.000		120,000.00
10/ 1/25	125,000.00	Term Bond	26680	5.8000	5.8000	100.000		125,000.00
	1,795,000.00							1,795,000.00

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:11:12 Filename: KEYSER Key: REF-2001

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

=====

Par Amount 1,795,000.00
Production 0.00
Gross Production 1,795,000.00
Bond Insurance 0.00
Underwriters Discount 50,260.00
Bid 1,744,740.00

Accrued 0.00
Net to Issuer 1,744,740.00

Gross Interest Cost 1,473,465.75
+Net Discount 50,260.00
Net Interest Cost 1,523,725.75

N I C % 5.7111695 Using 97.2000000
T I C % 5.7726615 From Delivery Date
Arbitrage Yield 5.4740642

Bond Years 26,679.750
Average Coupon 5.522787
Average Life 14.863370

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
10/ 1/ 4	130,000.00	4.0000	4.0000	100.000	130,000.00	271.500	2.088462
10/ 1/ 7	145,000.00	4.5000	4.5000	100.000	145,000.00	737.250	5.084483
10/ 1/10	170,000.00	4.7500	4.7500	100.000	170,000.00	1,373.500	8.079412
10/ 1/12	125,000.00	5.0000	5.0000	100.000	125,000.00	1,321.250	10.570000
10/ 1/14	140,000.00	5.2000	5.2000	100.000	140,000.00	1,757.000	12.550000
10/ 1/16	155,000.00	5.3000	5.3000	100.000	155,000.00	2,257.750	14.566129
10/ 1/20	360,000.00	5.6000	5.6000	100.000	360,000.00	6,333.000	17.591667
10/ 1/25	570,000.00	5.8000	5.8000	100.000	570,000.00	12,628.500	22.155263

SERIAL BONDS: 0.00 0.00

ROSS, SINCLAIRE & ASSOCIATES - BNRICK

Date: 09-06-2001 @ 18:11:12 Filename: KEYSER Key: REF-2001

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/ 2			52,120.75	52,120.75	52,120.75
10/ 1/ 2	40,000.00	4.000000	47,382.50	87,382.50	
4/ 1/ 3			46,582.50	46,582.50	133,965.00
10/ 1/ 3	45,000.00	4.000000	46,582.50	91,582.50	
4/ 1/ 4			45,682.50	45,682.50	137,265.00
10/ 1/ 4	45,000.00	4.000000	45,682.50	90,682.50	
4/ 1/ 5			44,782.50	44,782.50	135,465.00
10/ 1/ 5	45,000.00	4.500000	44,782.50	89,782.50	
4/ 1/ 6			43,770.00	43,770.00	133,552.50
10/ 1/ 6	50,000.00	4.500000	43,770.00	93,770.00	
4/ 1/ 7			42,645.00	42,645.00	136,415.00
10/ 1/ 7	50,000.00	4.500000	42,645.00	92,645.00	
4/ 1/ 8			41,520.00	41,520.00	134,165.00
10/ 1/ 8	55,000.00	4.750000	41,520.00	96,520.00	
4/ 1/ 9			40,213.75	40,213.75	136,733.75
10/ 1/ 9	55,000.00	4.750000	40,213.75	95,213.75	
4/ 1/10			38,907.50	38,907.50	134,121.25
10/ 1/10	60,000.00	4.750000	38,907.50	98,907.50	
4/ 1/11			37,482.50	37,482.50	136,390.00
10/ 1/11	60,000.00	5.000000	37,482.50	97,482.50	
4/ 1/12			35,982.50	35,982.50	133,465.00
10/ 1/12	65,000.00	5.000000	35,982.50	100,982.50	
4/ 1/13			34,357.50	34,357.50	135,340.00
10/ 1/13	70,000.00	5.200000	34,357.50	104,357.50	
4/ 1/14			32,537.50	32,537.50	136,895.00
10/ 1/14	70,000.00	5.200000	32,537.50	102,537.50	
4/ 1/15			30,717.50	30,717.50	133,255.00
10/ 1/15	75,000.00	5.300000	30,717.50	105,717.50	
4/ 1/16			28,730.00	28,730.00	134,447.50
10/ 1/16	80,000.00	5.300000	28,730.00	108,730.00	
4/ 1/17			26,610.00	26,610.00	135,340.00
10/ 1/17	85,000.00	5.600000	26,610.00	111,610.00	
4/ 1/18			24,230.00	24,230.00	135,840.00
10/ 1/18	90,000.00	5.600000	24,230.00	114,230.00	
4/ 1/19			21,710.00	21,710.00	135,940.00
10/ 1/19	90,000.00	5.600000	21,710.00	111,710.00	
4/ 1/20			19,190.00	19,190.00	130,900.00
10/ 1/20	95,000.00	5.600000	19,190.00	114,190.00	

RDSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:11:15 Filename: KEYSER Key: REF-2001

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

Debt Service Schedule

Date	Principal	Coupon	Interest	Period Total	Fiscal Total
4/ 1/21			16,530.00	16,530.00	130,720.00
10/ 1/21	100,000.00	5.800000	16,530.00	116,530.00	
4/ 1/22			13,630.00	13,630.00	130,160.00
10/ 1/22	110,000.00	5.800000	13,630.00	123,630.00	
4/ 1/23			10,440.00	10,440.00	134,070.00
10/ 1/23	115,000.00	5.800000	10,440.00	125,440.00	
4/ 1/24			7,105.00	7,105.00	132,545.00
10/ 1/24	120,000.00	5.800000	7,105.00	127,105.00	
4/ 1/25			3,625.00	3,625.00	130,730.00
10/ 1/25	125,000.00	5.800000	3,625.00	128,625.00	
4/ 1/26					128,625.00
ACCRUED	1,795,000.00		1,473,465.75	3,268,465.75	
	1,795,000.00		1,473,465.75	3,268,465.75	

Dated 9/13/ 1 with Delivery of 9/13/ 1
Bond Years 26,679.750
Average Coupon 5.522787
Average Life 14.863370
N I C % 5.711170 % Using 97.2000000
T I C % 5.772662 % From Delivery Date
Arbitrage Yield 5.474064 %

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:11:15 Filename: KEYSER Key: REF-2001

CITY OF KEYSER, WEST VIRGINIA
SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B
FINAL: SOLD TO RSA - DELIVERY: 09/13/2001

=====

Maximum Allowable Arbitrage Yield

=====

Par	1,795,000.00
Arbitrage Yield Target Value	-----
Arbitrage Yield	1,795,000.00

5.47406415 %

ROSS, SINCLAIRE & ASSOCIATES - BNURICK

Date: 09-06-2001 @ 18:11:17 Filename: KEYSER Key: REF-2001

WEST VIRGINIA MUNICIPAL BOND COMMISSION

Suite 500

8 Capitol Street, Charleston, WV 25301

(304) 348-3971

NEW ISSUE REPORT FORMDate of Report: September, 2001ISSUE: City of Keyser Sewerage System Refunding Revenue Bonds, Series 2001 BADDRESS: 111 North Davis Street, Keyser, West Virginia 26726 COUNTY: MineralPURPOSE OF ISSUE: New Money _____
Refunding X Refunds issue(s) dated: August 29, 1986ISSUE DATE: September 13, 2001 CLOSING DATE: September 13, 2001ISSUE AMOUNT: \$ 1,795,000 RATE: 4.0-5.8%1st DEBT SERVICE DUE: April 1, 2002 1st PRINCIPAL DUE: October 1, 20021st DEBT SERVICE AMOUNT: \$52,120.75 PAYING AGENT: Municipal Bond Commission - DTCBOND COUNSEL: Bowles Rice McDavid
Graff & Love, PLLCContact Person: Camden P. Siegrist, Esq.
Phone: 347-1129

UNDERWRITERS COUNSEL:

Contact Person: _____
Phone: _____CLOSING BANK: F&M Bank- West Virginia, Inc.Contact Person: _____
Phone: _____ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Ed Taylor
Position: City Administrator
Phone: 304-788-1511OTHER: _____
Contact Person: _____
Function: _____
Phone: _____

DEPOSITS TO MBC AT CLOSE: _____

By X Wire _____
X Check _____

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$137,265.00Other: 1986 Bonds Sinking Fund \$1,568,989.27

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____
_____ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ To Other: _____ \$ _____NOTES: See Prepayment Agreement attached

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____



**State of West Virginia
WATER DEVELOPMENT AUTHORITY**

**180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org**

June 15, 2001

VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Roger Newlin, Mayor
City of Keyser
Sewer and Water Department
111 North Davis Street
Keyser, WV 26726

Re: Upcoming Call Date and Prepayment Opportunity
\$1,647,465 City of Keyser Sewer Revenue Bonds, Series 1986

Dear Mayor Newlin:

The West Virginia Water Development Authority (the "Authority") is the registered owner of the above-referenced bonds (the "Bonds") issued by the City of Keyser. The Bonds were purchased with the proceeds of bonds publicly issued by the Authority (the "WDA Bonds"). The WDA Bonds are subject to the first optional redemption on November 1, 2001, at a premium of 2%.

As you are aware, you may only refund or prepay your Bonds with the Authority's prior written consent. In connection with its optional redemption, the Authority is extending this opportunity to you to prepay your Bonds within the 90 day window for the November 1 call date (August 1, 2001, to September 14, 2001). If you choose to prepay your Bonds, the Authority will use your prepayment to call WDA Bonds on November 1. In order for the Authority to call WDA Bonds on November 1, it is required to provide a redemption notice not more than 45 or less than 30 days prior to the call date (November 1, 2001). To assist in your decision, attached to this letter is your payoff amount which includes your October 1, 2001, principal and interest payment, the redemption payment and the premium of 2%.

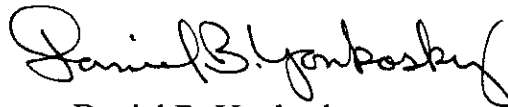
The Authority anticipates refunding the WDA Bonds outstanding after the November 1, 2001, payment and call date. The Authority could currently refund its bonds on or after August 1, 2001; however, the Authority will delay its current refunding until after November 1, 2001, to give the governmental agencies

the opportunity to prepay their bonds if they determine it is in their best interest to do so. Therefore, the Authority will delay its current refunding until after November 1, 2001. If the Authority does a refunding after November 1, 2001, then it plans to pass a portion of the debt service savings back to the governmental agencies who do not prepay their bonds. At this time the Authority cannot determine either the amount of the savings or the method by which the savings will be returned to the governmental agencies. If the Authority does, in fact, refund its bonds after November 1, 2001, your Bonds (if not prepaid by September 14, 2001) will not be prepayable for at least ten years.

If you decide to prepay your bonds, you must provide the Authority with a notice of prepayment; and the funds to prepay the bonds must be deposited at the West Virginia Municipal Bond Commission (the "MBC") no later than September 14, 2001. The Authority anticipates mailing its optional redemption notices on September 17, 2001, and at that time funds sufficient to pay the WDA Bonds being called must be at the MBC. The Authority will only consent to prepayments made on or after August 1, 2001, and on or before September 14, 2001.

Again, the Authority is not recommending that you prepay your Bonds but is merely providing you with the opportunity for a prepayment tied to the November 1, 2001, call date. Please contact me at 558-3612 if you have questions with regard to this letter.

Very truly yours,



Daniel B. Yonkosky
Director

Attachment

cc: WDA Board Members
R. Witter Hallan, West Virginia Municipal Bond Commission
Philip A. Martone, Bank of New York

Defeasance requirements for local bond issuers participating in the West Virginia Water Development Authority's Loan Program I

Local Issuer: Keyser

Principal amount of Issuer's bonds maturing October 1, 2002 through 2025	\$1,510,948.00
Additional WDA bond principal allocated to Issuer's bonds	189,052.00
Subtotal (equates to total WDA bond principal allocated to Issuer's bonds)	1,700,000.00
Optional redemption premium (2% of principal defeased)	34,000.00
Issuer's scheduled principal and interest payment due October 1, 2001	90,565.61
Total cash required to defease Issuer's bonds on October 1, 2001	\$1,824,565.61

The "Total cash required to defease Issuer's bonds on October 1, 2001" as calculated above should be reduced by any amounts on deposit in revenue and/or reserve funds.



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

CITY OF KEYSER
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2001 B

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 1999 (West Virginia SRF Program)(the "Series 1999 Bonds") and the Sewer Revenue Bonds, Series 2001 (West Virginia SRF Program)(the "Series 2001 A Bonds") of the City of Keyser (the "Issuer"), hereby consents to (i) the issuance of the Issuer's Sewerage System Refunding Revenue Bonds, Series 2001 B(the "Series 2001 B Bonds") in an aggregate principal amount not to exceed \$1,800,000, on a parity with respect to liens, pledges and sources of and security for payment, with the Series 1999 Bonds and the Series 2001 A Bonds, under the terms of the Bond Ordinance authorizing the Series 2001 B Bonds; and (ii) the prepayment of the Issuer's Sewer Revenue Bonds, Series 1986.

Dated this 13th day of September, 2001.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: *Daniel B. Lyubosky*
Its: Director



Book-Entry-Only Municipal Bonds

Letter of Representations

[To be Completed by Issuer and Agent]

CITY OF KEYSER (WEST VIRGINIA)

[Name of Issuer]

WEST VIRGINIA MUNICIPAL BOND COMMISSION

[Name of Agent]

September 10, 2001

[Date]

Attention: Underwriting Department
The Depository Trust Company
55 Water Street 19th Floor
New York, NY 10041-0099

Re: \$1,795,000 Sewerage System Refunding Revenue Bonds,

Series 2001 B

[Issue description (the "Securities")]

Ladies and Gentlemen:

This letter sets forth our understanding with respect to certain matters relating to the Securities. Agent shall act as trustee, paying agent, fiscal agent, or other agent of Issuer with respect to the Securities. The Securities have been issued pursuant to a trust indenture, bond resolution, or other such document authorizing the issuance of the Securities dated September 10, 2001 (the "Document"). Ross Sinclair & Associates, Inc. is distributing the Securities [Underwriter]

through The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with its Rules with respect to the Securities, Issuer and Agent, if any, make the following

representations to DTC:

1. Prior to closing on the Securities on September 13, 2001, there shall be deposited with DTC one or more Security certificates registered in the name of DTC's nominee, Cede & Co., for each stated maturity of the Securities in the face amounts set forth on Schedule A hereto, the total of which represents 100% of the principal amount of such Securities. If, however, the aggregate principal amount of any maturity exceeds \$400 million, one certificate shall be issued with respect to each \$400 million of principal amount and an additional certificate shall be issued with respect to any remaining principal amount. Each Security certificate shall bear the following legend:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

Issuer represents: [*Note: Issuer must represent one of the following, and shall cross out the other.*]

~~[The Security certificate(s) shall remain in Agent's custody as a "Balance Certificate" subject to the provisions of the Balance Certificate Agreement between Agent and DTC currently in effect.~~

~~On each day on which Agent is open for business and on which it receives an instruction originated by a DTC participant ("Participant") through DTC's Deposit/Withdrawal at Custodian ("DWAC") system to increase the Participant's account by a specified number of Securities (a "Deposit Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Deposit Instruction through the DWAC system.~~

~~On each day on which Agent is open for business and on which it receives an instruction originated by a Participant through the DWAC system to decrease the Participant's account by a specified number of Securities (a "Withdrawal Instruction"), Agent shall, no later than 6:30 p.m. (Eastern Time) that day, either approve or cancel the Withdrawal Instruction through the DWAC system.~~

~~Agent agrees that its approval of a Deposit or Withdrawal Instruction shall be deemed to be the receipt by DTC of a new reissued or reregistered certificated Security on registration of transfer to the name of Cede & Co. for the quantity of Securities evidenced by the Balance Certificate after the Deposit or Withdrawal Instruction is effected.]~~

[The Security certificate(s) shall be custodied with DTC.]

2. Issuer: (a) understands that DTC has no obligation to, and will not, communicate to its Participants or to any person having an interest in the Securities any information contained in the Security certificate(s); and (b) acknowledges that neither DTC's Participants nor any person having

an interest in the Securities shall be deemed to have notice of the provisions of the Security certificate(s) by virtue of submission of such certificate(s) to DTC.

3. In the event of any solicitation of consents from or voting by holders of the Securities, Issuer or Agent shall establish a record date for such purposes (with no provision for revocation of consents or votes by subsequent holders) and shall send notice of such record date to DTC no fewer than 15 calendar days in advance of such record date. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Reorganization Department, Proxy Unit at (212) 855-5181 or (212) 855-5182. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5187. Notices pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Supervisor, Proxy Unit
Reorganization Department
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

4. In the event of a full or partial redemption or an advance refunding of part of the outstanding Securities, Issuer or Agent shall send a notice to DTC specifying: (a) the amount of the redemption or refunding; (b) in the case of a refunding, the maturity date(s) established under the refunding; and (c) the date such notice is to be mailed to beneficial owners or published (the "Publication Date"). Such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) and in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a manifest or list of each CUSIP submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use of such means and the timeliness of such notice.) The Publication Date shall be no fewer than 30 days nor more than 60 days prior to the redemption date or, in the case of an advance refunding, the date that the proceeds are deposited in escrow. Notices to DTC pursuant to this Paragraph by telecopy shall be directed to DTC's Call Notification Department at (516) 227-4164 or (516) 227-4190. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (516) 227-4070. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Call Notification Department
The Depository Trust Company
711 Stewart Avenue
Garden City, NY 11530-4719

5. In the event of an invitation to tender the Securities, notice by Issuer or Agent to Security holders specifying the terms of the tender and the Publication Date of such notice shall be sent to DTC by a secure means (*e.g.*, legible telecopy, registered or certified mail, overnight delivery) in a timely manner designed to assure that such notice is in DTC's possession no later than the close of business on the business day before or, if possible, two business days before the Publication Date. Issuer or Agent shall forward such notice either in a separate secure transmission for each CUSIP number or in a secure transmission for multiple CUSIP numbers (if applicable) which includes a

manifest or list of each CUSIP number submitted in that transmission. (The party sending such notice shall have a method to verify subsequently the use and timeliness of such notice.) Notices to DTC pursuant to this Paragraph and notices of other actions (including mandatory tenders, exchanges, and capital changes) by telecopy shall be directed to DTC's Reorganization Department at (212) 855-5488. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-5135. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Reorganization Department
Reorganization Window
The Depository Trust Company
55 Water Street 50th Floor
New York, NY 10041-0099

6. All notices and payment advices sent to DTC shall contain the CUSIP number of the Securities.

7. In the event of a change in the interest rate, Agent shall send notice to DTC of such change and Agent shall indicate the stated coupon rate. Such notice, which shall include Agent contact's name and telephone number, by telecopy shall be directed to DTC's Dividend Department at (212) 855-4555. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

8. Issuer or Agent shall provide a written notice of interest payment information, including stated coupon rate information, to DTC as soon as the information is available. Issuer or Agent shall provide this information directly to DTC electronically, as previously arranged by Issuer or Agent and DTC. If electronic transmission has not been arranged, absent any other arrangements between Issuer or Agent and DTC, such information shall be sent by telecopy to DTC's Dividend Department at (212) 855-4555 or (212) 855-4556. If the party sending the notice does not receive a telecopy receipt from DTC confirming that the notice has been received, such party shall telephone (212) 855-4550. Notices to DTC pursuant to this Paragraph, by mail or by any other means, shall be sent to:

Manager, Announcements
Dividend Department
The Depository Trust Company
55 Water Street 25th Floor
New York, NY 10041-0099

9. Interest payments and principal payments that are part of periodic principal-and-interest payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by

1:00 p.m. (Eastern Time) on the payment date all such interest payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Dividend Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

10. Agent shall provide DTC's Dividend Department, no later than 12:00 noon (Eastern Time) on the payment date, automated notification of CUSIP-level detail. If circumstances prevent the funds paid to Cede & Co., as nominee of DTC, by 2:30 p.m. (Eastern Time) from equaling the dollar amount associated with the detail payments by 12:00 noon (Eastern Time), Issuer or Agent must provide CUSIP-level reconciliation to DTC no later than 2:30 p.m. (Eastern Time). Reconciliation must be provided by either automated means or written format. Such reconciliation notice, if sent by telecopy, shall be directed to DTC's Dividend Department at (212) 855-4633, and receipt of such reconciliation notice shall be confirmed by telephoning (212) 855-4430.

11. Maturity and redemption payments shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date, all maturity and redemption payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Redemption Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

12. Principal payments (plus accrued interest, if any) as a result of optional tenders for purchase effected by means of DTC's Repayment Option Procedures shall be received by Cede & Co., as nominee of DTC, or its registered assigns, in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Issuer shall remit by 1:00 p.m. (Eastern Time) on the payment date all such reorganization payments due Agent, or at such earlier time as required by Agent to guarantee that DTC shall receive payment in same-day funds no later than 2:30 p.m. (Eastern Time) on the payment date. Absent any other arrangements between Issuer or Agent and DTC, such funds shall be wired to the Reorganization Deposit Account number that will be stamped on the signature page hereof at the time DTC executes this Letter of Representations.

13. DTC may direct Issuer or Agent to use any other telephone number or address as the number or address to which notices or payments may be sent.

14. In the event of a redemption, acceleration, or any other similar transaction (e.g., tender made and accepted in response to Issuer's or Agent's invitation) necessitating a reduction in the aggregate principal amount of Securities outstanding or an advance refunding of part of the Securities outstanding, DTC, in its discretion: (a) may request Issuer or Agent to issue and authenticate a new Bond certificate, or (b) may make an appropriate notation on the Bond certificate indicating the date and amount of such reduction in principal except in the case of final maturity, in which case the certificate will be presented to Issuer or Agent prior to payment if required.

15. In the event that Issuer determines that beneficial owners of Securities shall be able to obtain certificated Securities, Issuer or Agent shall notify DTC of the availability of Security certificates. In such event, Issuer or Agent shall issue, transfer, and exchange Security certificates in appropriate amounts, as required by DTC and others.

16. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent (at which time DTC will confirm with Issuer or Agent the aggregate principal amount of Securities outstanding). Under such circumstances, at DTC's request, Issuer and Agent shall cooperate fully with DTC by taking appropriate action to make available one or more separate certificates evidencing Securities to any Participant having Securities credited to its DTC accounts.

17. Nothing herein shall be deemed to require Agent to advance funds on behalf of Issuer.

18. This Letter of Representations may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but all such counterparts together shall constitute but one and the same instrument.

19. This Letter of Representations shall be governed by, and construed in accordance with, the laws of the State of New York, without giving effect to principles of conflicts of law.

20. The sender of each notice delivered to DTC pursuant to this Letter of Representations is responsible for confirming that such notice was properly received by DTC.

21. Issuer recognizes that DTC does not in any way undertake to, and shall not have any responsibility to, monitor or ascertain the compliance of any transactions in the Securities with the following, as amended from time to time: (a) any exemptions from registration under the Securities Act of 1933; (b) the Investment Company Act of 1940; (c) the Employee Retirement Income Security Act of 1974; (d) the Internal Revenue Code of 1986; (e) any rules of any self-regulatory organizations (as defined under the Securities Exchange Act of 1934); or (f) any other local, state, or federal laws or regulations thereunder.

22. Issuer hereby authorizes DTC to provide to Agent listings of Participants' holdings, known as Security Position Listings ("SPLs") with respect to the Securities from time to time at the request of the Agent. DTC charges a fee for such SPLs. This authorization, unless revoked by Issuer, shall continue with respect to the Securities while any Securities are on deposit at DTC, until and unless Agent shall no longer be acting. In such event, Issuer shall provide DTC with similar evidence, satisfactory to DTC, of the authorization of any successor thereto so to act. Requests for SPLs shall be sent by telecopy to the Proxy Unit of DTC's Reorganization Department at (212) 855-5181 or (212) 855-5182. Receipt of such requests shall be confirmed by telephoning (212) 855-5202. Requests for SPLs sent by mail or by any other means shall be directed to the address indicated in Paragraph 3.

23. Issuer and Agent shall comply with the applicable requirements stated in DTC's Operational Arrangements, as they may be amended from time to time. DTC's Operational Arrangements are posted on DTC's website at "www.DTC.org."

24. The following riders, attached hereto, are hereby incorporated into this Letter of Representations:

None

SCHEDULE B

SAMPLE OFFICIAL STATEMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$400 million, one certificate will be issued with respect to each \$400 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Direct and Indirect Participants are on file with the Securities and Exchange Commission.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents. Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividends to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

SCHEDULE A
CITY OF KEYSER
(WEST VIRGINIA)
SEWERAGE SYSTEM REFUNDING REVENUE BOND
SERIES 2001 B

<u>CUSIP Number</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
	\$ 130,000.00	October 1, 2004	4.00%
	145,000.00	October 1, 2007	4.50%
	170,000.00	October 1, 2010	4.75%
	125,000.00	October 1, 2012	5.00%
	140,000.00	October 1, 2014	5.20%
	155,000.00	October 1, 2016	5.30%
	360,000.00	October 1, 2020	5.60%
	570,000.00	October 1, 2025	5.80%

Notes:

A. If there is an Agent (as defined in this Letter of Representations), Agent, as well as Issuer, must sign this Letter. If there is no Agent, in signing this Letter Issuer itself undertakes to perform all of the obligations set forth herein.

B. Under the Rules of the Municipal Securities Rulemaking Board relating to "good delivery", a municipal securities dealer must be able to determine the date that a notice of a partial call or of an advance refunding of a part of an issue is distributed or published (the "Publication Date"). The establishment of such a Publication Date is addressed in Paragraph 3 of the Letter.

C. Schedule B contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

CITY OF KEYSER (WEST VIRGINIA)

[Issuer]

By: _____

R. C. Seely, Mayor
[Authorized Officer's Signature]

WEST VIRGINIA MUNICIPAL BOND COMMISSION

[Agent]

By: _____

[Signature]
[Authorized Officer's Signature]

Received and Accepted:
THE DEPOSITORY TRUST COMPANY

cc: Underwriter
Underwriter's Counsel

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

101 South Queen Street
Martinsburg, West Virginia 25401
Telephone (304) 263-0836

7000 Hampton Center, Suite K
Morgantown, West Virginia 26505
Telephone (304) 285-2500

Camden P. Siegrist
Telephone — (304) 347-1129
Facsimile — (304) 343-3058

Bowles Rice McDavid Graff & Love^{PLLC}

ATTORNEYS AT LAW

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Charleston, West Virginia 25301

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

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

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

September 13, 2001

E-mail Address:
csiegris@bowlesrice.com

City of Keyser
111 North Davis Street
Keyser, West Virginia

Re: \$1,795,000 City of Keyser (West Virginia)
Sewerage System Refunding Revenue Bonds, Series 2001 B

Ladies and Gentlemen:

We have served as bond counsel to the City of Keyser (the "Issuer") and examined a record of proceedings relating to the issuance by the Issuer of its \$1,795,000 in aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 2001 B (the "Bonds").

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act") and a Bond Ordinance duly enacted by the Issuer on August 29, 2001, and put into effect following a public hearing held on September 10, 2001, as supplemented by a Supplemental Resolution duly adopted by the Issuer on September 10, 2001 (said Bond Ordinance, so supplemented, herein called the "Ordinance") and are subject to all the terms and conditions of the Ordinance. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinance.

The Bonds are issued in fully registered form, are dated September 13, 2001, upon original issuance, mature on October 1, 2025, bear interest at such rates and are subject to optional and mandatory redemption prior to maturity on the dates, in the amounts and at the redemption prices set forth in the Bonds.

The Ordinance provides that the Bonds are issued for the purposes of paying a portion of the costs necessary to refund all of the Issuer's outstanding Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original aggregate principal amount of \$1,647,465 (the "Series

Bowles Rice McDavid Graff & Love^{PLLC}

City of Keyser
September 13, 2001
Page 2

1986 Bonds”), to fund a reserve account for the Bonds and to pay costs of issuance of the Bonds and other costs in connection with such refunding.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Ordinance, the Tax and Arbitrage Certificate and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, and assuming compliance with the covenants of the Issuer pertaining to tax matters set forth in the Ordinance and the Tax and Arbitrage Certificate and with certain certificates delivered in connection with the issuance of the Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing municipal corporation under and pursuant to the laws of the State of West Virginia, will full power and authority to refund the Series 1986 Bonds, enact the Ordinance, perform its obligations under the terms and provisions thereof and to issue and sell the Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Ordinance and has issued and delivered the Bonds to the purchaser thereof. The Ordinance is in full force and effect as of the date hereof.

3. The Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with the Prior Bonds, all in accordance with their terms and the terms of the Ordinance, and are entitled to the benefits of the Ordinance and the Act.

4. Under the laws, regulations, rulings and judicial decisions of the United States of America existing on the date hereof, the interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness

Bowles Rice McDavid Graff & Love_{PLLC}

City of Keyser
September 13, 2001
Page 3

to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Ordinance, and the certificate relating to arbitrage. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds except as expressly set forth in paragraph 5.

5. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2001. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

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

7. The Series 1986 Bonds have been paid within the meaning and with the effect expressed in the Series 1986 Bonds Ordinance, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1986 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the West Virginia Water Development Authority, as Registered Owner of the Series 1986 Bonds, delivered on this date with respect to the sufficiency of the moneys on deposit with the Commission to provide for the full payment of the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1986 Bonds on October 1, 2001.

It is to be understood that the rights of the holders of the Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Bonds and the Ordinance are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also

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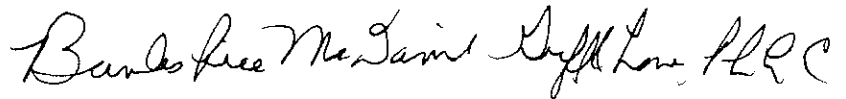
City of Keyser
September 13, 2001
Page 4

be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond No. R-1 of said issue, and in our opinion, said Bond is in proper form and has been duly executed and authenticated.

Very truly yours,

BOWLES RICE McDAVID GRAFF & LOVE, PLLC

A handwritten signature in cursive script that reads "Bowles Rice McDavid Graff & Love, PLLC".

**CITY OF KEYSER
SEWERAGE SYSTEM REFUNDING REVENUE BONDS
SERIES 2001 B**

REGISTRAR'S CERTIFICATE

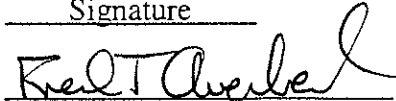
Fifth Third Bank, Cincinnati, Ohio (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Ordinance of the City of Keyser (the "Issuer") enacted on August 29, 2001, and put into effect following a public hearing held on September 10, 2001, as supplemented by a Supplemental Resolution adopted on September 10, 2001 (collectively the "Ordinance"):

1. The Bank is a state banking association duly organized, validly existing, and in good standing under the laws of the State of Ohio, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Ordinance and to serve in the capacity of Registrar under the Ordinance.

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

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

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

<u>Name</u>	<u>Title</u>	<u>Signature</u>
<u>Fred T. Overbeck</u>	<u>Assistant Vice President</u>	

5. There have been filed with the Bank all of the documents listed in Section 3.11 of the Ordinance; the Bonds have been duly authenticated and delivered to the original purchaser of the Bonds, and proceeds of the Bonds have been deposited as required by the Ordinance.

6. The Bank has duly authenticated the Bonds by manually executing on each of such Bonds, a certificate of authentication and registration in the form attached hereto as Exhibit A.

IN WITNESS WHEREOF, Fifth Third Bank, has caused this Certificate to be executed by a duly authorized officer, this 13th day of September, 2001.

FIFTH THIRD BANK

By: _____

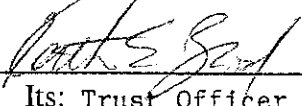

Its: Trust Officer

EXHIBIT A

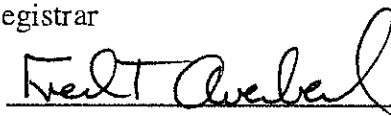
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Bowles Rice McDavid Graff & Love, PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: September 13, 2001.

FIFTH THIRD BANK,
as Registrar

By:


Its: Authorized Officer



Blair & Company

CERTIFIED PUBLIC ACCOUNTANTS

721 Peoples Building
Post Office Box 1991
Charleston, West Virginia 25327
(304) 343-4603

John D. Blair, Jr., CPA

**CITY OF KEYSER
SEWER REFUNDING REVENUE BONDS
SERIES 2001B**

September 13, 2001

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

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

West Virginia Water Development Authority
180 Association Drive
Charleston, West Virginia 25301

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the City of Keyser (the "Issuer") finally enacted on January 28, 1999, as Ordinance No. 251, and the current operation and maintenance expenses and customer usage as furnished to us by the Issuer, and further based upon representations made to us by the Issuer, all the foregoing of which has not been audited by us but to which we have made limited inquiries and performed calculations and procedures for the sole purpose of expressing the following assurance, it is our opinion that such rates and charges are sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all anticipated repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Refunding Revenue Bonds, Series 2001B (the "Bonds"), to be issued on the date hereof, and all other obligations secured by a lien on or payable from the revenues of the System on a parity with the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1980 (the "Series 1980 Bonds"), Sewer Revenue Bonds, Series 1999 (West Virginia SRF Program) (the "Series 1999 Bonds"), and Sewer Revenue Bonds, Series 2001A (West Virginia SRF Program) (the "Series 2001A Bonds") (the "Series 1980 Bonds, the Series 1999 Bonds and the Series 2001A Bonds are referred to herein collectively as the "Prior Bonds").

Further, based upon information (including financial information) and representations provided to us by the Issuer, which information has not been audited by us but to which we have made limited inquiries and performed calculations and procedures for the sole purpose of expressing assurance as to the sufficiency of System Net Revenues available to meet the requirements of the Series 1999 Bonds and Series 2001A Bonds for the issuance of the Bonds on a parity with the Series 1999 Bonds and the Series 2001A Bonds, it is our opinion that the Net Revenues, as defined in the Bond Ordinances authorizing the issuance of the Series 1999 Bonds and the Series 2001A Bonds, actually derived from the System during any 12 consecutive months ("Test Period"), within the 18 months immediately preceding the date of the actual issuance of the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding year for the principal of and interest on the Prior Bonds and the Bonds.

BLAIR & COMPANY, A.C.

Blair & Company, A.C.



State of West Virginia
WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1571
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

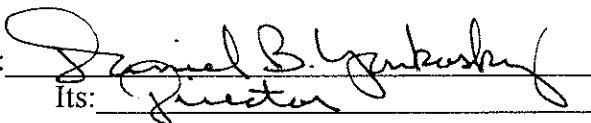
September 13, 2001

City of Keyser
(West Virginia)
Sewerage System Refunding Revenue Bonds
Series 2001 B

CERTIFICATE OF REDEMPTION DATE AND PRICE

The undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the entire outstanding aggregate principal amount of the City of Keyser (the "Issuer") Sewer Revenue Bonds, Series 1986, dated August 29, 1986, issued in the original aggregate principal amount of \$1,647,465 (the "Bonds"), hereby certifies that the first permitted redemption date of the Bonds is October 1, 2001, and the redemption price due on such date is \$1,824,565.61 as set forth in the Authority's letter dated June 15, 2001, a copy of which is attached hereto, and hereby also acknowledges that the Issuer will redeem all outstanding Bonds on October 1, 2001, without providing the Authority with any further notice of such redemption.

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: 
Its: Director