

TOWN OF MARMET, WEST VIRGINIA
SEWERAGE REVENUE BOND ISSUE

SERIES 1990 A \$664,013.00
SERIES 1990 B \$30,987.00

Closing Date: January 3, 1990

TOWN OF MARMET, WEST VIRGINIA
SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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TOWN OF MARMET, WEST VIRGINIA

ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MARMET, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN SEVEN HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$720,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 A, NOT MORE THAN NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1989 B, AND NOT MORE THAN ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00) INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES, BOND ANTICIPATION NOTES, OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES, AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF MARMET

TOWN OF MARMET, WEST VIRGINIA
SEWER REVENUE BONDS, SERIES 1989 A AND SERIES 1989 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

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ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance, (together with any resolutions supplemental hereto (hereinafter referred to as the "Bond Legislation") is enacted pursuant to the provisions of Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and other applicable provisions of law.

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

A. The Town of Marmet (the "Issuer") is a municipal corporation, organized and existing under the laws of the State of West Virginia.

B. The Issuer now owns facilities for the collection, treatment, purification and disposal of sewage. The custody, operation and maintenance of the sewer system, both within and without the corporate limits of the Town, is under the supervision and control of the Sanitary Board, which was created and given such supervision and control by ordinance. The construction and acquisition of certain extensions, improvements and betterments to the then-existing sewer system and the refunding of certain then-outstanding sewer revenue bonds were financed by the proceeds delivered from Two Hundred Thirty-Four Thousand and NO/100 Dollars (\$234,000.00) in the aggregate principal amount of sewer revenue bonds dated July 1, 1961, issued pursuant to an ordinance passed by the Council of Marmet on the 1st day of July, 1961, (the "Prior Ordinance").

C. The Sanitary Board, pursuant to the provisions of Chapter 16, Article 13, Section 5, of the *Code of West Virginia* of 1931, as amended, has petitioned the Town Council, and has requested that an ordinance be passed to amend and enact the Marmet Town Code to reflect new sewer rates and charges, and to enact this Ordinance and authorize the project and financing provided for hereby. Attached hereto as Exhibit "A" is a copy of the said petition.

D. The estimated revenues to be derived in each year after completion of the project from the operation of the system will be sufficient to pay all the costs of the operation and maintenance of said system, the principal of and interest on the bonds (as hereinafter defined) and all sinking fund, reserve account and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total, aggregate principal amount of not more than Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00) in two series, being the Series 1989 A Bonds in the

aggregate principal amount of not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00), and the Series 1989 B Bonds in the aggregate principal amount of not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, bond anticipation notes, or a note or notes evidencing a line of credit, (collectively, the "Notes") in the aggregate principal amount of not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) to temporarily finance costs of construction and acquisition of the project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for six (6) months after completion of construction of the project; engineering, and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; any administrative fees and expenses of the Authority; other expenses necessary or incidental to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories, trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the project and the placing of same in operation, and the performance of the things herein required or permitted in connection with any thereof, including, with respect to the Notes, any fees to the credit bank (as hereinafter defined), and any costs of obtaining insurance thereon, provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed costs of the "Project" (as hereinafter defined).

F. The period of usefulness of the system after completion of the Project is not less than forty (40) years.

G. It is in the best interests of the Issuer that its "Original Bonds" (as hereinafter defined) be sold to the "Authority" (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority upon receipt of bids in form satisfactory to the Issuer and the Authority.

H. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds, as to lien and source of and security for payment. The Series 1989 B Bonds shall be junior and subordinate to the Series 1989 A Bonds as set forth herein. The Notes, if issued, will not be payable from the net revenues, but shall be payable from grant

receipts, surplus revenues, proceeds of a letter of credit and certain other specified sources, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired (without any successful rehearing or appeal) prior to the issuance of any Bonds or Notes hereunder.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes 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 such noteholders, and the covenants and agreements herein set forth to be performed by the Issuer, shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all of which shall be of equal rank and without preference, priority, or distinction between any one Bond of a series and any other Bond of the same series, and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

"Authorized Officer" shall mean the mayor of the Issuer, or any temporary mayor or other officer authorized as such, duly appointed by the governing body.

"Bond Anticipation Notes" or "BAN" shall mean collectively, that not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or that not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) aggregate principal of a Note or Notes

evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the term **"BAN"** includes any refunding note or BAN of the Issuer.

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

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

"Bond Legislation," "Ordinance," "Bond and Notes Ordinance" or **"Local Act"** shall mean this Bond and Note Ordinance and all orders, ordinances and resolutions supplemental hereto or amendatory hereof.

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

"Bonds" shall mean the Original Bonds and any Bonds on a parity therewith authorized to be issued hereunder.

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

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

"Costs" or "Costs of the Project" shall mean those Costs described in Section 1.02(E) hereof to be a part of the cost of the acquisition and construction of the Project.

"Council" shall mean the Council of the Town or any other governing body of the Town that succeeds to the functions of the Council as presently constituted, and shall be deemed to refer also to the Sanitary Board of the Town to the full extent of the powers relating to the System (as hereinafter defined), conferred upon said Sanitary Board.

"Credit Bank" shall mean the issuance of any letter of credit obtained by the Issuer for the benefit of the trustee as security for the Notes, all as shall be set forth in the Supplemental Resolution.

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

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

"EPA" shall mean the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" shall mean the grant from the EPA pursuant to the commitment therefor.

"FDIC" shall mean the Federal Deposit Insurance Corporation or any successor to the functions of the FDIC.

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

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

"Grant Agreement" shall mean a written commitment for the payment of the EPA Grant or any of the other grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made, and the date or dates or event or events upon which Grant is to be paid to the Issuer, provided that, "EPA Grant Agreement" shall mean only the Grant Agreement relating to the EPA Grant, and **"Other Grant Agreements"** shall mean only those Grant Agreements relating to the other grants.

"Grant Receipts" shall mean all monies received by the Issuer on account of any Grant after the date of issuance of the Notes, provided that, **"EPA Grant Receipts"** shall mean only Grant Receipts on account of the EPA Grant, and **"Other Grant Receipts"** shall mean only Grant Receipts on account of any or all of the Other Grants.

"Grants" shall mean, collectively, the EPA Grant and the other grants (as hereinafter defined).

"Gross Revenues" shall mean the aggregate gross operating and non-operating revenues of the system (as hereinafter defined), determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, provided that Gross Revenues does not include any gains from the sale or other disposition of or from any increase in the value of capital assets (including qualified investments [as hereinafter defined] purchased pursuant to Section 8.01 hereof) or any tap fees (as hereinafter defined).

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

"Indenture" or **"Trust Indenture"** shall mean the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes in, substantially, the form attached hereto as Exhibit "B" and all supplements or amendments thereto.

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

"Issuer" or **"Town"** shall mean the Town of Marmet, County of Kanawha, State of West Virginia, and unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which are attached as Exhibits "C" and "D", and the execution and delivery by the Issuer authorized by this Ordinance.

"Net Revenues" shall mean the balance of the Gross Revenues remaining after deduction of operating expenses (as hereinafter defined).

"Noteholder", **"Holder of the Notes"** or any similar term shall mean the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or **"GAN"** shall mean, collectively, the not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms **"Notes"** or **"GAN"** includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" shall mean the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" shall mean the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" shall mean the bank to be designated as such in the Indenture or the Supplemental Resolution, and its successors and assigns.

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

"Original Bonds" or **"Bonds originally authorized hereby"** or similar phrases shall mean, collectively, the not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) in aggregate principal amount of Series 1989 A Bonds, and the not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) in aggregate principal amount of Series 1989 B Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" shall mean in the event Grant Anticipation Notes are issued, the original purchaser of the Notes as shall be named in a resolution supplemental hereto, and in the event a Note or Notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" shall mean, collectively, any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

"Paying Agent" shall mean the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution, or such entity or Authority as may be designated by the Issuer.

"Program" shall mean the Authority's loan program under which the Authority purchases the water development revenue bonds of local governmental entities, satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" shall mean the acquisition and construction of a new sewerage treatment plant, gravity and pressure collector sewers, life stations, force mains and all necessary appurtenances.

"Qualified Investments" shall mean and include any of the following:

(a) Government Obligations;

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

(c) Pre-refunded municipal obligations meeting the following conditions:

(1) The Bonds are (i) not to be redeemed prior to maturity, or the Trustee has been given irrevocable instructions concerning their calling and redemption; and (ii) the Issuer has covenanted not to redeem such Bonds other than as set forth in such instructions;

(2) The Bonds are secured by cash or Government Obligations which may be applied only to interest, principal and premium payments of such Bonds;

(3) The principal of and interest on the Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the Bonds;

(4) The Government Obligations serving as security for the Bonds are held by an Escrow Agent or Trustee; and

(5) The Government Obligations are not available to satisfy any other claims, including those against the Trustee or Escrow Agent;

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

(e) Any Bond, Debenture, Note, Participation Certificate or other similar Obligation issued by the Federal National Mortgage Association to the extent such Obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

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

(g) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (f) above;

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

(i) With respect to the Notes, the Investment Agreement, which may be entered into by and between the Trustee and the Bank, designated as "Investment Bank" in the Supplemental Resolution;

(j) 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; and

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

"Recorder" shall mean the recording officer of the governing body of the Issuer.

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

"Registrar" shall mean, as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Renewal and Replacement Fund" shall mean the Renewal and Replacement Fund created by Section 5.01.

"Revenue Fund" shall mean the Revenue Fund established by Section 5.01 hereof.

"Sanitary Board" or "Board" shall mean the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town and any successors to the functions thereof.

"Series 1989 A Bonds" or "Series A Bonds" shall mean the not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) in aggregate principal amount of Sewer Revenue Bonds, Series 1989 A of the Issuer.

"Series 1989 A Bonds Reserve Account" shall mean the Series 1989 A Bonds Reserve Account established in the Series 1989 A Bonds Sinking Fund, pursuant to Section 5.02 hereof.

"Series 1989 A Bonds Reserve Requirement" shall mean, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1989 A Bonds in any year.

"Series 1989 A Bonds Sinking Fund" shall mean the Series 1989 A Sinking Fund established by Section 5.02 hereof.

"Series 1989 B Bonds" or **"Series B Bonds"** shall mean the not more than Ninety-Five Thousand and NO/100 Dollars (\$95,000.00) in aggregate principal amount of Sewer Revenue Bonds, Series 1989 B of the Issuer.

"Series 1989 B Bonds Reserve Account" shall mean the Series 1989 B Bonds Reserve Account established in the Series 1989 B Bonds Sinking Fund, pursuant to Section 5.02 hereof.

"Series 1989 B Bonds Reserve Requirement" shall mean, as of the date of calculation, the maximum amount of principal which will become due on the Series 1989 B Bonds in any year.

"Series 1989 B Bonds Sinking Fund" shall mean the Series 1989 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" shall mean the State of West Virginia.

"Supplemental Resolution" shall mean any ordinance, resolution 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 Notes or Original Bonds, provided that, any matter intended by this Ordinance to be included in the Supplemental Resolution, with respect to the Notes or the Original Bonds, as the case may be, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" shall mean the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the reserve accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" shall mean the works for the collection and/or treatment, purification and disposal of sewage in its entirety or any integral part thereof, owned by the Town and under the supervision and control of the Sanitary Board, and any additions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

"Trustee" shall mean the banking institution designated as Trustee for the Noteholders under the Indenture, if any, and its successors and assigns.

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 gender include all other genders.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project at an estimated cost of Two Million Six Hundred Seventy-Eight Thousand and NO/100 Dollars (\$2,678,000.00) in accordance with the plans and specifications which have been prepared by the Consulting Engineers heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Original Bonds. For the purposes of capitalizing interest on the Original Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer in an aggregate principal amount of not more than Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00). Said Bonds shall be issued in two series to be designated respectively, "Sewer Revenue Bonds, Series 1989 A," and "Sewer Revenue Bonds, Series 1989 B," in the aggregate principal amount of not more than Six Hundred Twenty-Five Thousand and NO/100 Dollars (\$625,000.00) and Ninety-Five Thousand and NO/100 Dollars (\$95,000.00), respectively, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single Bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in an aggregate principal amount equal to the amount of said Bonds then outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds, provided that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form in such denomination as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09, shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration of any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all the Bonds issued hereunder.

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

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

The Bonds shall be transferrable only upon the books of the Bond Registrar by the Registered Owner thereof, in person, or by his attorney or legal representative duly authorized in writing, upon surrender thereto, together with a written instrument of transfer satisfactory to the Bond Registrar, duly executed by the Registered Owner or his duly authorized attorney.

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

Section 3.06. Bond Mutilated, Destroyed, Stolen or Lost.

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

Section 3.07. Bonds Not To Be Indebtedness of the Issuer.

The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any Constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of any of

the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1989 B Bonds To Be Junior and Subordinate to Series 1989 A Bonds. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same becomes due.

Section 3.09. Form of Original Bonds. The text of the Original Bonds shall be in, substantially, the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof.

[Form of Series 1989 A Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1989 A**

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of _____ and NO/100 Dollars (\$ _____), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of _____, a national banking association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 19__.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund the reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an ordinance duly enacted by the Issuer on _____, 19__, effective _____, 19__, as supplemented by a resolution duly adopted by the Issuer on the ____th day of _____, 19__, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1989 B, of the Issuer (the "Series 1989 B Bonds"), issued in the aggregate principal amount of _____ and NO/100 Dollars (\$_____), which Series 1989 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1989 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds, the Series 1989 B Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1989 B Bonds, provided however, that so long as there exists in the Series 1989 A Bonds Reserve Account, an amount at least equal

to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1989 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 B Bonds in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1989.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

As Registrar

By: _____
Its Authorized Officer

Dated: _____, 1989

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: _____

In the presence of:

[Form of Series 1989 B Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1989 B**

NO. BR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of _____ and NO/100 Dollars (\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 1989.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund the reserve account for the Bonds of this series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the *West Virginia Code* of 1931, as amended (the "Act"), and an Ordinance duly enacted by the Issuer on _____, 1989, effective _____, 1989, as supplemented by resolution duly adopted by the Issuer on the ____th day of _____, 1989, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for

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

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1989 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1989 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1989 A Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1989 A Bonds, provided however, that so long as there exists in the Series 1989 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1989 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1989 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1989 A Bonds.

This Bond is junior, subordinate and inferior as to lien on and source and security for payment from the net revenues and in all other respects to the Town's Sewer Revenue Bonds, Series 1989 A, issued simultaneously herewith, in the aggregate principal amount of Seven Hundred Twenty Thousand and NO/100 Dollars (\$720,000.00) (the "Series 1989 A Bonds").

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

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

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1989.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1989 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

As Registrar

By: _____
Its Authorized Officer

Dated: _____, 1989

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: _____

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement With Authority. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the forms attached hereto as Exhibits "B" and "C" and made a part hereof, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and such execution and delivery are ratified and confirmed.

Section 3.11. "Amended Schedule A" Filing; Tender of Series 1989 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1989 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1989 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed One Million Five Hundred Thousand NO/100 Dollars (\$1,500,000.00). The Notes may be in the form of grant anticipation notes, Bond Anticipation Notes or as evidence of a line of credit from a commercial bank or other lender at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of Five Thousand and NO/100 Dollars (\$5,000.00) or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable, or Supplemental Resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the Grant Receipts, the monies in the funds and accounts created under the Indenture, if any, the net proceeds of any draw under the letter of credit issued by the Credit Bank or any refunding notes, the Surplus Revenues, if any, and any other sources described in the Indenture or Supplemental Resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit, nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed One Million Five Hundred Thousand and NO/100 Dollars (\$1,500,000.00) in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue

its refunding notes to the Credit Bank. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

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

1. Revenue Fund;
2. Renewal and Replacement Fund;
3. Bond Construction Trust Fund; and
4. Rebate Account.

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

- A. Series 1989 A Bonds Sinking Fund;

Within the Series 1989 A Bonds Sinking Fund, the Series 1989 A Bonds Reserve Account.

- B. Series 1989 B Bonds Sinking Fund;

Within the Series 1989 B Bonds Sinking Fund, the Series 1989 B Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

A. The Gross Revenues shall be deposited in the Sewer Revenue Fund established by Section 5 of the Prior Ordinance (the "Prior Revenue Fund"). Monies in the Prior Revenue Fund shall first be disposed of as provided by Section 5(1), 5(2), and 5(3) of the Prior Ordinance.

B. 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 Ordinance and shall be kept separate and distinct from all other funds of the Town and the Depository Bank, and used only for the purposes and in the manner herein provided. From the Revenue Fund, the Town shall, the first each month, pay the current Operating Expenses of the System.

C. Thereafter, the Issuer shall next, on the first day of each month, commencing seven months prior to the first date of payment of interest on the Series 1989 A Bonds for which interest has not been capitalized, apportion and set apart, out of the Revenue Fund, and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to one-sixth ($1/6$) of the amount of interest which will become due on said Series 1989 A Bonds on the next ensuing semi-annual interest payment date, provided that, in the event that the period to elapse between the date of such initial deposit in the Series 1989 A

Bonds Sinking Fund and the next semi-annual interest payment date is less than seven (7) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

D. The Issuer shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 A Bonds, apportion and set apart out of the Revenue Fund, and remit to the Commission for deposit in the Series 1989 A Bonds Sinking Fund, a sum equal to one-twelfth (1/12) of the amount of principal which will mature and become due on said Series 1989 A Bonds on the next ensuing principal payment date, provided that, in the event that the period to elapse between the date of such initial deposit in the Series 1989 A Bonds Sinking Fund and the next annual principal payment date is less than thirteen (13) months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

E. The Town shall next, on the first day of each month commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 A Bonds, remit to the Commission for deposit in the Series 1989 A Reserve Account, an amount equal to one-one hundred twentieth (1/120) of the Series 1989 A Reserve Account Requirement, provided that, no further payments shall be made into the Series 1989 A Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1989 A Reserve Account Requirement. Once the Series 1989 A Reserve Account has been funded at the Series 1989 A Reserve Account Requirement, whether from Series 1989 A Bond proceeds or such monthly payments or otherwise, the Town shall next remit to the Commission for deposit in the Series 1989 A Reserve Account, an amount equal to any deficiency in the Series 1989 A Reserve Account Requirement. Any withdrawals from the Series 1989 A Reserve Account which result in a reduction in the balance of the Series 1989 A Reserve Account to below the Series 1989 A Reserve Account Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

F. The Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the Project, (i) transfer to the Renewal and Replacement Fund a sum equal to two and one-half percent (2 1/2%) of the Gross Revenues each month, exclusive of any payments for account of the Series 1989 A Bonds Reserve Account; (ii) 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 from each other, and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for extensions or improvements to the System or

for making emergency repairs or replacements to the System, provided that, any deficiencies in the Series 1989 A Bonds Reserve Account shall be promptly eliminated with monies from the Renewal and Replacement Fund.

G. The Issuer shall next, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Series 1989 B Bonds, apportion, set apart and remit to the Commission for deposit in the Series 1989 B Bonds Sinking Fund, a sum equal to one-twelfth ($1/12$) of the amount of principal which will mature and become due on said Series 1989 B Bonds on the next ensuing principal payment date.

H. The Town shall next, on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Series 1989 B Bonds, remit to the Commission for deposit in the Series 1989 B Reserve Account, an amount equal to one one hundred twentieth ($1/120$) of the Series 1989 B Reserve Account Requirement, provided that, no further payments shall be made into the Series 1989 B 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 1989 B Reserve Account Requirement. Once the Series 1989 B Reserve Account has been funded at the Series 1989 B Reserve Account Requirement, the Town shall next, remit to the Commission for deposit in the Series 1989 B Reserve Account, an amount equal to any deficiency in the Series 1989 B Reserve Account Requirement. Any withdrawals from the Series 1989 B Reserve Account, which result in a reduction in the balance of the Series 1989 B Reserve Account to below the Series 1989 B Reserve Account Requirement, shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

Monies in the Series 1989 A Bonds Sinking Fund and the Series 1989 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Monies in the Series 1989 A Bonds Reserve Account and the Series 1989 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds as the same shall come due, when over monies in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year by the Commission to the Issuer for deposit in the Revenue Fund, and such amounts shall be applied in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and then to the next ensuing principal payments due thereon.

As and when additional Bonds ranking on a parity with the Series 1989 B Bonds are issued, provision shall be made for additional payments into the Series 1989 B Sinking Fund sufficient to pay the interest, if any, on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1989 B Reserve Account in an amount equal to the maximum principal and interest, if any, on the Series 1989 B Bonds, including such additional Series 1989 B Bonds which, by their terms, are payable from such Sinking Fund, coming due in any year.

As and when additional Bonds ranking on a parity with the Series 1989 A Bonds are issued, provision shall be made for additional payments into the Series 1989 A Sinking Fund, sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity, and to accumulate a balance in the Series 1989 A Reserve Account in an amount equal to the maximum principal and interest on the Series 1989 A Bonds, including such additional Series 1989 A Bonds which, by their terms, are payable from such Sinking Fund, coming due in any year.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a Saturday, Sunday, or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof, consistent with the provisions of this Bond Legislation.

Monies in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith, that may be issued and outstanding under the conditions and restrictions hereinafter set forth.

I. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several funds as hereinbefore provided are current, and there remains in said Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the Reserve Account therein and the Renewal and Replacement Fund, during the following month or such other period as required by law, such excess shall be considered Surplus Revenues which may

be used for any lawful purpose of the Issuer, including, but not limited to payment to the Trustee for deposit in the Notes Debt Service Fund as defined in the Indenture.

J. 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 fees and charges when due.

K. The monies in excess of the sum insured by the maximum amounts insured by the FDIC, other than with the Commission, and in the Revenue Fund and the Renewal and Replacement Fund, shall, at all times, be secured to the full extent thereof in excess of such insured sum by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

L. If, on any monthly payment date, the revenues are insufficient to place the required amount in any of the funds and accounts as hereinbefore 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.

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

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

O. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority, be deposited otherwise.

ARTICLE VI

ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. There shall next be paid from the proceeds of the Bonds, be credited to the Bond Construction Trust Fund, and then paid to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer in connection with the Project, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

B. Next, from the proceeds of the Series 1989 A Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1989 A Reserve Account, a sum equal to the Series 1989 A Reserve Requirement, and from the proceeds of the Series 1989 B Bonds, there shall be first credited to the Construction Trust Fund and then deposited with the Commission in the Series 1989 B Reserve Account, a sum equal to the Series 1989 B Reserve Requirement.

C. The remaining monies derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

D. The Depository Bank shall act as a Trustee and Ffiduciary for the Bondholder with respect to the Bond Construction Trust Fund, and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Monies in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project, and until so expended, are hereby pledged as additional security for the Bonds, with the lien on account of the Series 1989 B Bonds being junior and subordinate to that of the Series 1989 A Bonds. In the event that Notes are issued, the disposition of funds in the Bond Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof, which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate signed by an Authorized Officer and the Consulting Engineers, stating:

A. That none of the items for which the payment is proposed to be made has formed the basis for the disbursement theretofore made;

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

C. That each of such costs has been otherwise properly incurred; and

D. That payment for each of the items proposed is then due and owing.

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

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

After completion of the Project as certified by the Consulting Engineers, the Depository Bank shall transfer any monies remaining in the Bond Construction Trust Fund to the Series 1989 A Bonds Reserve Account, and when fully funded, to the Series 1989 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining monies to the Issuer for deposit in the Revenue Fund. The Issuer shall, thereafter, apply such monies in full, first to the next ensuing interest payments, if any, due on the respective series of Bonds, and next, to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1989 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such monies shall be applied to the purchase of such Series 1989 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment, in full, of the principal of and interest on the Notes, when due, the covenants, agreements, and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor, and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture, provided that, Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes Not To Be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer, within the meaning of any Constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1989 A Bonds shall be secured forthwith, equally and ratably with each other, by a lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1989 B Bonds shall also be secured forthwith, equally and ratably with each other, by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1989 A Bonds. Such Net Revenues, in an amount sufficient to pay the principal of and interest on and other payments for the Bonds, and to make the payments into the Sinking Funds, the Reserve Accounts therein, and the Renewal and Replacement Fund, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System has been passed and approved by the Council as of November 8, 1989. A copy of the Ordinance so passed is attached hereto as Exhibit "E".

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, outstanding, or to effectively defease this Ordinance in accordance with Section 10.01 hereof, and if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon, shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full, shall be applied to the payment of the Notes, either at maturity, or if allowable under the Supplemental Resolution or Indenture, prior thereto.

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 \$10,000.00, 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 \$10,000.00 but not in excess of \$50,000.00, 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 \$10,000.00 and not in excess of \$50,000.00, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund, and shall be applied only to the purchase of Bonds of the last maturities then outstanding, at prices not greater than the par value thereof plus three percent (3%) of the such par value, or otherwise shall be deposited in the Renewal and Replacement Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provision of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same fiscal year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000.00 and insufficient to pay all the Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over fifty percent (50%) in amount of the 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 for the disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations, whatsoever, with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or Supplemental Resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation, provided that, Parity Bonds, having a lien on the net revenues, which may dilute the amount of Surplus Revenues available for the Notes, may be issued to complete the Project. So long as any of the Bonds are Outstanding, no obligations payable from the revenues of the System, which rank prior to or equally as to lien on and source of and security for payment from such revenues with the Bonds, may be issued, provided however, that, additional Parity Bonds may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity, contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues, and in all other respects, to the Series 1989 A Bonds and the Series 1989 B Bonds, provided that, no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts, the Sinking Fund and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations, have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over, or being on a parity with, the lien of the Bonds and the interest

thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds.

A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1989 A Bonds, as long as the Series 1989 B Bonds are outstanding. All Parity Bonds issued hereunder, as long as the Series 1989 B Bonds are outstanding, shall be on a parity, in all respects, with the Series 1989 B Bonds only.

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

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

1. The Bonds then outstanding;
2. Any Parity Bonds theretofore issued pursuant to the provisions contained in this Resolution then outstanding; and
3. The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds, and (b) any increase in rates enacted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, or which are otherwise not subject to further

appeal, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve-consecutive-month period hereinabove referred to, may be adjusted by adding to such Net Revenues such additional New Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds, or which are otherwise not subject to further appeal.

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

All covenants and other provisions of this Bond 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. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security or payment from said revenues, without preference of any Bond of one series over any other Bonds of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds heretofore issued pursuant to this Bond Ordinance.

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

Parity Bonds shall not be deemed to include Bonds, Notes, certificates or other obligations subsequently issued, the lien of which on the Revenues of the System is subject to the prior and superior liens of the Series 1989 A Bonds and the Series 1989 B Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever, payable from the Revenues of the System, or any part thereof, which rank prior to or except in the manner and under the conditions provided in this section, equally, as to the lien on and source of and security for payment from such Revenues, with the Series 1989 A Bonds or the Series 1989 B Bonds.

No Parity Bonds shall be issued any time, however, into the respective funds and accounts provided for in this Bond Ordinance with respect to the Bonds then outstanding, and any other payments provided for in this Bond 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 Bond Ordinance.

B. Notwithstanding the foregoing or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project, as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer, the written consent of the Authority to the issuance of Bonds on a parity with the Series 1989 A Bonds.

Section 7.08. 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 or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee, shall have the right, at all reasonable times, to inspect the System and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture, with respect to the said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. 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, as established, will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall, at all times, be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the 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, along with other revenues of the System, (i) to pay for all reasonable expenses of operation, repair and maintenance of the System, and (ii) to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, provided that, in the event that an amount equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts for Bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least one hundred ten percent (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 or payable from such Revenues prior to or on a parity with the Bonds.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least forty-five (45) days preceding the beginning of each fiscal year, prepare and adopt, by resolution, a detailed, balanced budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year. No expenditures for the operation and maintenance of the System shall be made in any fiscal year in excess of the amounts provided therefor in such budget, without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state, in detail, the purpose of necessity for such increased expenditures for the operation and

maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of ten percent (10%) of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance, to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System, at all reasonable times, to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually, cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority, and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant, cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality, whatsoever, for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the regulations of the Public Service Commission of West Virginia, and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of thirty (30) days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut

off the services and facilities of the System and any services of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for services of the System, and will not restore such services of either System until all delinquent charges for the services of the System, plus reasonable interest penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. 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 that the Issuer or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds.

A. The Issuer hereby covenants and agrees that as long as any of the Bonds or the Notes remain outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers, as is customarily covered, with respect to works and properties similar to the System, with such beneficence as shall be required by Section 2.8 of the Loan Agreement. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTENING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurance portions of the System, in an amount equal to the actual cost thereof. In time of war, the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance received by the Issuer shall be deposited in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for other purposes of the Renewal and Replacement Fund. The Issuer will, itself, or will require each contractor and subcontractor, to obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors, as their interests may appear, during construction of the Project in the full insurable value thereof, all as required by the Loan Agreement. The Town shall carry such other insurance as required by the

Authority, including, but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the Town.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than Five Hundred Thousand and NO/100 Dollars (\$500,000.00) per occurrence, to protect the Issuer from claims for bodily injury and/or death, and not less than One Hundred Thousand and NO/100 Dollars (\$100,000.00) per occurrence, for claims for damage to property of others, which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of the operation of or ownership of motor vehicles for the System.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Worker's Compensation coverage for all employees working on the Project, and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project.

If the Project is detrimentally affected by flooding or is located in designated special flood or mud-slide prone areas, and if flood insurance is available at a reasonable cost, a flood insurance policy shall be obtained by the Issuer. Prior to commencing operation of the Project, the Issuer shall obtain business interruption insurance if available at a reasonable cost. These policies of insurance shall be kept in effect so long as Local Bonds are outstanding.

Section 7.15. Connection. To the extent authorized by the laws of the State and the rules and regulations of the PSC, prospective users of the System shall be required to connect thereto.

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants and hereby so instructs the Bond Commission and the Trustee, that they shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Issuer, to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bond to be an "Arbitrage Bond" as defined in Section 148 of the Internal Revenue Code of 1986 (or any successor provision), and an Authorized Officer shall deliver his certificate, based upon this covenant with regard thereto, to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. In accordance with Section 148(f)(C) of the Code, the Issuer represents that it is a governmental unit with general taxing powers, that the Bonds are not private activity Bonds as defined in Section 141 of the Code, that ninety-five percent (95%) or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit, the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds, as defined in Section 142 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year in which the Bonds are issued, will not exceed Five Million and NO/100 Dollars (\$5,000,000.00). Therefore, the Issuer believes that it is exempt from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Issuer is, in fact, subject to such rebate requirements, the Issuer hereby covenants to rebate to the United States Government, the amounts required by the Code, and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates, as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

Section 8.04. Covenant to Amend Ordinance. The Town retains the right to make any amendments, insertions or deletions by Supplemental Resolution to this Ordinance as the Town deems desirable or necessary prior to the issuance of the Bonds, including, but not limited to, amendments, insertions and deletions to comply with the Code. Notwithstanding the provisions of Section 11.01 hereof, the Town shall, without consent of the Owners of any Bonds or Notes, as the case may be, amend or supplement this Ordinance by a resolution supplemental hereto or any amendatory ordinance to comply with the Code, if such amendment or supplement is necessary to preserve the tax-exempt status of the Bonds or Notes. The Council of the Town hereby retains the specific authority to amend this Ordinance or supplement it by resolution, to comply with the Code. In its determination to amend or supplement this Ordinance, the Town may rely on the opinion of nationally recognized bond counsel.

Section 8.05. Public Purpose Bonds. The Town shall use the Original Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be operated solely for a public purpose and as a local governmental activity of the Town.

Section 8.06. Private Activity Bond Covenant. The Town shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Town, to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code, by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Town will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

Section 8.07. Filing Covenant. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds, including, without limitation, the information return required under Section 149(e) of the Code.

Section 8.08. Federal Guarantee Covenant. The Bonds, in whole or in part, are not and will not be directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

Section 8.09. Restriction of Yield on Bond Proceeds. The Town shall comply with the yield restriction on Bond proceeds as set forth in Section 148 of the Code.

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01. Events of Default.

A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any Supplemental Resolution, or in the Notes, and such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder, or a Holder of a Note; or

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

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any Supplemental Resolution, the Indenture or in the Bonds, any such default shall have continued for a period of thirty (30) days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder, or a Holder of Bonds; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her right, and in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding, enforce all rights of such Registered Owners includ-

ing the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to, the making and collection of sufficient rates or charges for services rendered by the system, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity, require the Issuer to account, as if it were the Trustee, of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity, enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1989 B Bonds shall be subject to those of the Holders of the Series 1989 A Bonds.

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

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

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

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

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

Any rights of the Registered Owners of the Series 1989 B Bonds, with respect to the remedies provided by this Section, shall be subject to the prior and senior rights of the Registered Owners of the Series 1989 A Bonds.

ARTICLE X
DEFEASANCE

Section 10.01. Defeasance of Series 1989 A Bonds. If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the respective Holders of all Series 1989 A Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 A Bonds only, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 A Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 A Bonds, for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient to pay as and when due, the principal installments of and interest on such Series 1989 A Bonds, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1989 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1989 A Bonds on and prior to the maturity dates thereof, or to a prior redemption date thereof (including in such instance, any premium to come due thereon). Neither securities nor monies deposited with the Commission pursuant to this section, nor principal or interest payments on any such securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 A Bonds, provided that, any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay, when due, the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1989 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the respective Holders of all Series 1989 B Bonds, the principal of and interest due or to become due thereon, at the time and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1989 B Bonds only, the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation, and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1989 B Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1989 B Bonds, for the payment of which either monies in an amount which shall be sufficient or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient to pay as and when due, the principal installments of and interest on such Series 1989 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 1989 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section, if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same or earlier time, shall be sufficient to pay, when due, the principal installments of and interest due and to become due on said Series 1989 B Bonds on and prior to the maturity dates thereof, or to a prior redemption date thereof (including in such instance any premiums to come due thereon). Neither securities nor monies deposited with the Commission pursuant to this section, nor principal or interest payments on any such securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1989 B Bonds, provided that, any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due, the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds, shall be made without the consent, in writing, of the Registered Owners of sixty-six and two-thirds percent ($66\frac{2}{3}\%$) or more in principal amount of the Notes or Bonds so affected and then outstanding, provided that, no charge shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor, without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Ordinance and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The 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 enactment of this Ordinance, do exist, have happened, have been performed and have been taken in 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, duly in office and duly qualified for such office.

Section 11.08. Publication of Ordinance; Public Hearing. The Recorder hereby is authorized and directed to publish an abstract of this Ordinance and a notice of public hearing in substantially the form appended hereto as Exhibit "F" as a Class II-0 legal advertisement in compliance with the provisions of Chapter 59, Article III, of the Code of West Virginia, 1931, as amended, in the Charleston Daily Mail and the Charleston Gazette, being of general circulation in the Town. Said abstract and notice shall be published twice, the first such publication being not less than ten (10) days prior to the date of public hearing, and the second such publication being not less than seven (7) days or nor more than thirteen (13) days following said first publication but prior to the date of public hearing.

It is hereby determined that said abstract in such form contains sufficient information of the contents of this Ordinance.

The Council of the Town shall conduct a public hearing on the date stated in said abstract and notice, and shall permit any person interested in the Ordinance and the proposed issuance of the Series 1989 A Bonds and Series 1989 B Bonds to present protests, objections and suggestions relevant thereto.

Section 11.09. Effective Date. This Ordinance shall take effect after the public hearing and otherwise in accordance with law.

First Reading: _____

Second Reading: _____

Public Hearing: _____

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the Town of Marmet on this 3th day of January, 1989.

[SEAL]

Lester W. Lupton
Mayor

CERTIFICATION

Certified a true copy of the Bond and Notes Ordinance duly enacted by the Council of the Town of Marmet on this 3th day of January, 1989.

[SEAL]

Lurtis W. Sutphen
Mayor

TOWN OF MARMET

Sewer Revenue Bonds
Series 1990 A and Series 1990 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A AND SERIES 1990 B OF THE TOWN OF MARMET; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council ("Governing Body") of the Town of Marmet (the "Issuer"), has duly and officially enacted a Bond and Notes Ordinance, effective December 5, 1989 (the "Bond Ordinance"), entitled:

AN ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE TOWN OF MARMET, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN SEVEN HUNDRED TWENTY THOUSAND AND NO/100 DOLLARS (\$720,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, NOT MORE THAN NINETY-FIVE THOUSAND AND NO/100 DOLLARS (\$95,000.00) IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B, AND NOT MORE THAN ONE MILLION FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,500,000.00) INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES, BOND ANTICIPATION NOTES, OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES, AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS, AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES, AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$815,000.00 to be issued in two series: the Series 1990 A Bonds to be in an aggregate principal amount of not more than \$720,000.00 (the "Series 1990 A Bonds"), and the Series 1990 B Bonds to be in an aggregate principal amount of not more than \$95,000.00 (the "Series 1990 B Bonds"); and has authorized the execution and delivery of a Loan Agreement relating to the Series 1990 A Bonds dated January 3, 1990, and a Supplemental Loan Agreement relating to the Series 1990 B Bonds, also dated January 3, 1990, (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code 1931, as amended, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a Supplemental Resolution pertaining to the Bonds, and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Governing Body deems it essential and desirable that this Supplemental Resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be entered into and ratified by the Issuer, that the exact principal amounts, the series designation, the prices, the maturity dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for.

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted, and there are hereby authorized and ordered to be issued:

(A) The Sewer Revenue Bonds, Series 1990 A of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$664,013.00. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 7.85 percent per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1990, shall be subject to redemption only upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set

forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference and hereby specifically approved.

(B) The Sewer Revenue Bonds, Series 1990 B of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$30,987.00. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption only upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference and hereby specifically approved.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement, and the performance of the obligations contained therein on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be one hundred percent (100%) of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint City National Bank, Charleston, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. No Series 1990 A Bond proceeds shall be deposited in the Series 1990 A Bonds Sinking Fund, as capitalized interest.

Section 8. No Series 1990 A Bond proceeds or Series 1990 B Bond proceeds shall be deposited in the Series 1990 A Bonds Reserve Account and the Series 1990 B Bonds Reserve Account, respectively.

Section 9. The Mayor and Recorder are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 3, 1990, to the Authority pursuant to the Loan Agreement.

Section 10. The financing of the Project which is projected to cost \$2,678,000.00 in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 11. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Ordinance, therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in Qualified Investments until advised by the Issuer to the contrary.

Section 12. The Issuer shall not permit, at any time or times, any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. In accordance with Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, (the "Code"), the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that ninety-five percent (95%) or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer), and that the aggregate face amount of the all tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1990 will not exceed \$5,000,000.00, excluding, however, tax exempt obligations which are not outstanding as of the date of delivery of the Bonds.

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

Adopted this 3rd day of January, 1990.

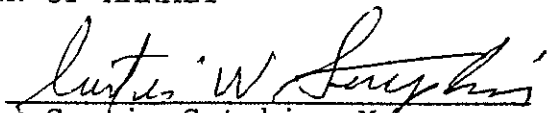
TOWN OF MARMET

By


Curtis Sutphin, Mayor

Adopted this 3rd day of January, 1990.

TOWN OF MARMET

By 
Curtis Sutphin, Mayor

Town of Marmet
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
38 Principal Payments
Closing Date: 03-Jan-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90			38,804.18	38,804.18
01-Oct-91	7.85%	3,127.00	52,125.02	55,252.02
01-Oct-92	7.85%	3,373.00	51,879.55	55,252.55
01-Oct-93	7.85%	3,638.00	51,614.77	55,252.77
01-Oct-94	7.85%	3,923.00	51,329.19	55,252.19
01-Oct-95	7.85%	4,231.00	51,021.23	55,252.23
01-Oct-96	7.85%	4,563.00	50,689.10	55,252.10
01-Oct-97	7.85%	4,922.00	50,330.90	55,252.90
01-Oct-98	7.85%	5,308.00	49,944.53	55,252.53
01-Oct-99	7.85%	5,725.00	49,527.85	55,252.85
01-Oct-2000	7.85%	6,174.00	49,078.44	55,252.44
01-Oct-2001	7.85%	6,659.00	48,593.78	55,252.78
01-Oct-2002	7.85%	7,181.00	48,071.04	55,252.04
01-Oct-2003	7.85%	7,745.00	47,507.34	55,252.34
01-Oct-2004	7.85%	8,353.00	46,899.35	55,252.35
01-Oct-2005	7.85%	9,009.00	46,243.64	55,252.64
01-Oct-2006	7.85%	9,716.00	45,536.44	55,252.44
01-Oct-2007	7.85%	10,479.00	44,773.73	55,252.73
01-Oct-2008	7.85%	11,301.00	43,951.13	55,252.13
01-Oct-2009	7.85%	12,188.00	43,064.00	55,252.00
01-Oct-2010	7.85%	13,145.00	42,107.24	55,252.24
01-Oct-2011	7.85%	14,177.00	41,075.36	55,252.36
01-Oct-2012	7.85%	15,290.00	39,962.47	55,252.47
01-Oct-2013	7.85%	16,490.00	38,762.20	55,252.20
01-Oct-2014	7.85%	17,785.00	37,467.74	55,252.74
01-Oct-2015	7.85%	19,181.00	36,071.61	55,252.61
01-Oct-2016	7.85%	20,687.00	34,565.91	55,252.91
01-Oct-2017	7.85%	22,311.00	32,941.98	55,252.98
01-Oct-2018	7.85%	24,062.00	31,190.56	55,252.56
01-Oct-2019	7.85%	25,951.00	29,301.70	55,252.70
01-Oct-2020	7.85%	27,988.00	27,264.54	55,252.54
01-Oct-2021	7.85%	30,185.00	25,067.48	55,252.48
01-Oct-2022	7.85%	32,554.00	22,697.96	55,251.96
01-Oct-2023	7.85%	35,110.00	20,142.47	55,252.47
01-Oct-2024	7.85%	37,866.00	17,386.34	55,252.34
01-Oct-2025	7.85%	40,839.00	14,413.86	55,252.86
01-Oct-2026	7.85%	44,044.00	11,207.99	55,251.99
01-Oct-2027	7.85%	47,502.00	7,750.54	55,252.54
01-Oct-2028	7.85%	51,231.00	4,021.63	55,252.63
01-Oct-2029	0.00%	0.00	0.00	0.00
		664,013.00	1,474,384.79	2,138,397.79

Town of Harnet
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 38 Principal Payments
 Closing Date: 03-Jan-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	815.35
01-Oct-92	815.45
01-Oct-93	815.45
01-Oct-94	815.45
01-Oct-95	815.45
01-Oct-96	815.45
01-Oct-97	815.45
01-Oct-98	815.45
01-Oct-99	815.45
01-Oct-2000	815.45
01-Oct-2001	815.45
01-Oct-2002	815.45
01-Oct-2003	815.45
01-Oct-2004	815.45
01-Oct-2005	815.45
01-Oct-2006	815.45
01-Oct-2007	815.45
01-Oct-2008	815.45
01-Oct-2009	815.45
01-Oct-2010	815.45
01-Oct-2011	815.45
01-Oct-2012	815.45
01-Oct-2013	815.45
01-Oct-2014	815.45
01-Oct-2015	815.45
01-Oct-2016	815.45
01-Oct-2017	815.45
01-Oct-2018	815.45
01-Oct-2019	815.45
01-Oct-2020	815.45
01-Oct-2021	815.45
01-Oct-2022	815.45
01-Oct-2023	815.45
01-Oct-2024	815.45
01-Oct-2025	815.45
01-Oct-2026	815.45
01-Oct-2027	815.45
01-Oct-2028	815.45
01-Oct-2029	0.00
	30,987.00

LOAN AGREEMENT

THIS LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

Town of Marmet

(Name of Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority (the "General Resolution"), as supplemented, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Consulting Engineers" means the consulting engineer designated in the Application and any successor thereto.

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

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

1.5 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with a portion of the proceeds of its water development revenue bonds, all in accordance with the provisions of this Loan Agreement.

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

1.9 "System" means the water development project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

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

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed

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

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Loan Agreement.

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Local Bonds described in this Article III and in Article IV hereof;

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

3.3 The Loan shall be secured and shall be repaid in the manner hereinafter provided in this Loan Agreement.

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies as in the aggregate will permit the fullest and most timely utilization of such proceeds to enable the Authority to pay debt service on the water development revenue bonds issued by it. The Governmental Agency specifically recognizes that the Authority will not execute this Loan Agreement unless and until it has available funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available. The Governmental Agency further specifically recognizes that during the last 90 days of a period to originate Loans from its water development revenue bond proceeds, the Authority may execute Loan Agreements, commit moneys and close Local Bond sales in such order and manner as it deems in the best interest of the Program.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto;

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

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%)

of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and otherwise in compliance with this Loan Agreement;

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the Authority's water development revenue bonds.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a semiannual basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date of the delivery to the Authority of the Local Bonds until the date of payment thereof, at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be as determined by the Authority and shall include without limitation Program expenses, legal fees paid by the Authority and fees paid to the trustee and paying agents for the water development revenue bonds. The Authority shall provide both the Governmental Agency and the trustee for the water development revenue bonds with a schedule of such fees and charges, and the Governmental Agency shall pay such fees and charges on the dates indicated directly to the trustee. The Governmental Agency hereby specifically authorizes the Authority to exercise the powers granted it by Section 9.06 of the General Resolution.

4.7 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within the following periods commencing on the date of issuance of the Local Bonds:

10 percent within 6 months

45 percent within 1 year

75 percent within 18 months

100 percent within 2 years

(except for a reasonable retainage not exceeding 5% which will be spent within 3 years). The Governmental Agency agrees, within 30 days after the end of each six month period described above, and every six month period thereafter until all the

proceeds of the Local Bonds have been expended for the Project, to certify to the Authority the amount of expenditure from Local Bond proceeds as of the end of such period, and to the extent that expenditures do not meet the required levels, agrees to remit an amount to the Authority equal to 1.5% of such shortfall.

4.8 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority, and any such redemption of Local Bonds authorized by the Authority shall provide for the payment of interest to the first allowable redemption date for the applicable water development revenue bonds, the redemption premium payable on the applicable water development revenue bonds redeemable as a consequence of such redemption of Local Bonds and the costs and expenses of the Authority in effecting any such redemption, all as further prescribed by Section 9.11 of the General Resolution. Nothing in this Loan Agreement shall be construed to prohibit the Authority from refunding applicable water development revenue bonds, and such refunding need not be based upon or result in any benefit to the Governmental Agency.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the minimum sums set forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Sec-

tion 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 At the option of the Authority, the Governmental Agency shall issue and sell to the Authority additional, subordinate bonds to evidence the Governmental Agency's obligation to repay to the Authority any grant received by the Governmental Agency from the Authority in excess of the amount to which the Governmental Agency is entitled pursuant to applicable policies or rules and regulations of the Authority. Also at the option of the Authority, the Governmental Agency may issue and sell to the Authority additional, subordinate bonds for such purposes as may be acceptable to the Authority.

6.3 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations

under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of this Loan Agreement.

6.4 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.6 Notwithstanding Section 6.5, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

6.7 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

Town of Marmet
[Proper Name of Governmental Agency]

(SEAL)

By Lurtis W. Sulphur
Its Mayor

Attest:

Date: January 3, 1990

Maria E. Hudnall
Its Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Daniel B. Yankosky
Director

Attest:

Date: January 3, 1990

Barbara B. Meadows
Secretary-Treasurer

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 664,013.00

Purchase Price of Local Bonds \$ 664,013.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 7.85 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

As of the date of the Loan Agreement, the Local Bonds are subordinate as to source of and security for payment to the following obligations:

Town of Marmet
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
38 Principal Payments
Closing Date: 03-Jan-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90			38,804.18	38,804.18
01-Oct-91	7.85%	3,127.00	52,125.02	55,252.02
01-Oct-92	7.85%	3,373.00	51,879.55	55,252.55
01-Oct-93	7.85%	3,638.00	51,614.77	55,252.77
01-Oct-94	7.85%	3,923.00	51,329.19	55,252.19
01-Oct-95	7.85%	4,231.00	51,021.23	55,252.23
01-Oct-96	7.85%	4,563.00	50,689.10	55,252.10
01-Oct-97	7.85%	4,922.00	50,330.90	55,252.90
01-Oct-98	7.85%	5,308.00	49,944.53	55,252.53
01-Oct-99	7.85%	5,725.00	49,527.85	55,252.85
01-Oct-2000	7.85%	6,174.00	49,078.44	55,252.44
01-Oct-2001	7.85%	6,659.00	48,593.78	55,252.78
01-Oct-2002	7.85%	7,181.00	48,071.04	55,252.04
01-Oct-2003	7.85%	7,745.00	47,507.34	55,252.34
01-Oct-2004	7.85%	8,353.00	46,899.35	55,252.35
01-Oct-2005	7.85%	9,009.00	46,243.64	55,252.64
01-Oct-2006	7.85%	9,716.00	45,536.44	55,252.44
01-Oct-2007	7.85%	10,479.00	44,773.73	55,252.73
01-Oct-2008	7.85%	11,301.00	43,951.13	55,252.13
01-Oct-2009	7.85%	12,188.00	43,064.00	55,252.00
01-Oct-2010	7.85%	13,145.00	42,107.24	55,252.24
01-Oct-2011	7.85%	14,177.00	41,075.36	55,252.36
01-Oct-2012	7.85%	15,290.00	39,962.47	55,252.47
01-Oct-2013	7.85%	16,490.00	38,762.20	55,252.20
01-Oct-2014	7.85%	17,785.00	37,467.74	55,252.74
01-Oct-2015	7.85%	19,181.00	36,071.61	55,252.61
01-Oct-2016	7.85%	20,687.00	34,565.91	55,252.91
01-Oct-2017	7.85%	22,311.00	32,941.98	55,252.98
01-Oct-2018	7.85%	24,062.00	31,190.56	55,252.56
01-Oct-2019	7.85%	25,951.00	29,301.70	55,252.70
01-Oct-2020	7.85%	27,988.00	27,264.54	55,252.54
01-Oct-2021	7.85%	30,185.00	25,067.48	55,252.48
01-Oct-2022	7.85%	32,554.00	22,697.96	55,251.96
01-Oct-2023	7.85%	35,110.00	20,142.47	55,252.47
01-Oct-2024	7.85%	37,866.00	17,386.34	55,252.34
01-Oct-2025	7.85%	40,839.00	14,413.86	55,252.86
01-Oct-2026	7.85%	44,044.00	11,207.99	55,251.99
01-Oct-2027	7.85%	47,502.00	7,750.54	55,252.54
01-Oct-2028	7.85%	51,231.00	4,021.63	55,252.63
01-Oct-2029	0.00%	0.00	0.00	0.00
		664,013.00	1,474,384.79	2,138,397.79

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Loan Agreement, the net revenues derived from the operation of the System are pledged to the payment of the principal of and interest on the Local Bonds.

7. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a certificate representing the following:

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for

such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and

- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

SUPPLEMENTAL LOAN AGREEMENT

THIS SUPPLEMENTAL LOAN AGREEMENT, Made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), and the governmental agency designated below (the "Governmental Agency").

Town of Marmet
(Name of Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 20, Article 5C, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies and to issue water development revenue bonds of the State of West Virginia (the "State") to finance, in whole or in part, by loans to governmental agencies, one or more water development projects, all subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to construct, operate and improve a water development project, as defined by the Act, and to finance the cost of constructing or acquiring the same by borrowing money to be evidenced by revenue bonds, including supplemental, subordinate revenue bonds, issued by the Governmental Agency;

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

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, on or prior to the date hereof, the Governmental Agency and the Authority entered a loan agreement with respect to the purchase by the Authority of certain Local Bonds of the Governmental Agency, all as more specifically described in Exhibit A attached hereto and incorporated herein by reference (the "Loan Agreement"); and

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act, and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of supplemental, subordinate revenue bonds of the Governmental Agency with certain available funds of the Authority (other than the proceeds of certain water development revenue bonds of the State issued by the Authority pursuant to and in accordance with the provisions of the Act and a certain general revenue bond resolution adopted by the Board of the Authority, as supplemented), subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's supplemental water development loan program (the "Supplemental Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions; Loan Agreement

1.1 Capitalized terms used and not otherwise defined herein shall have the meanings respectively given them by the Loan Agreement.

1.2 Except where the context clearly indicates otherwise, the terms "Authority," "water development revenue bond," "cost," "governmental agency," "water development project," "wastewater facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.3 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Supplemental Bonds.

1.4 "Supplemental Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, to evidence the Supplemental Loan, as hereinafter defined, and to be purchased by the Authority with certain available funds (other than the proceeds of its water development revenue bonds), the lien of which on the revenues

of the System is junior, subordinate and inferior to that of the Local Bonds, all in accordance with the provisions of this Supplemental Loan Agreement.

1.5 "Supplemental Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Supplemental Bonds pursuant to this Supplemental Loan Agreement.

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

1.7 This Supplemental Loan Agreement is supplemental to the Loan Agreement, the terms of which are incorporated herein by reference.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Governmental Agency by the Consulting Engineers, the Authority having found, to the extent applicable, that the Project is consistent with the applicable comprehensive plan of water management approved by the Director of the West Virginia Department of Natural Resources (or in the process of preparation by such Director), has been approved by the West Virginia Department of Health and is consistent with the standards set by the West Virginia Water Resources Board for the waters of the State affected thereby.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or other security interest as is provided for in the Local Statute.

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

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized representatives, to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project and the administration of the Supplemental Loan or of any State and federal grants or other sources of financing for the Project.

2.6 The Governmental Agency agrees that it will permit the Authority and its agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor and

all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing and maintained so long as any of the Supplemental Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Supplemental Bonds is outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with any and all State and federal standards. The Governmental Agency agrees that qualified operating personnel properly certified by the State will be retained to operate the System during the entire term of this Supplemental Loan Agreement.

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

3.1 The agreement of the Authority to make the Supplemental Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority, of each and all of those certain conditions precedent on or before the delivery date for the Supplemental Bonds, which shall be the

date established pursuant to Section 3.4 of the Loan Agreement for delivery of the Local Bonds. Said conditions precedent are as follows:

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Supplemental Loan Agreement;

(b) The Governmental Agency shall have authorized the issuance of and delivered to the Authority for purchase the Supplemental Bonds described in this Article III and in Article IV hereof and shall have delivered to the Authority for purchase the Local Bonds in accordance with the Loan Agreement;

(c) The Governmental Agency shall either have received bids or entered contracts for the construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application; provided, that, if the Supplemental Loan will refund an interim financing of construction, the Governmental Agency must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and in either case, the Authority shall have received a certificate of the Consulting Engineers to such effect;

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

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

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

(g) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such

rates and charges is not, however, required to be effective until completion of construction of the Project), and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsection 4.1(b)(ii) hereof, and the Authority shall have received a certificate of the accountants for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority, to such effect; and

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

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

3.3 The Supplemental Loan shall be secured and shall be repaid in the manner hereinafter provided in this Supplemental Loan Agreement.

3.4 The Supplemental Loan will be made only in conjunction with the Loan. The Supplemental Bond shall be delivered to the Authority, at the offices of the Authority,

simultaneously with the delivery of the Local Bond to the Authority.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Authority for loans to finance water development projects and that the obligation of the Authority to make any such loan is subject to the Governmental Agency's fulfilling all of the terms and conditions of this Supplemental Loan Agreement and the Loan Agreement on or prior to the Date of Loan Closing and to the right of the Authority to make such loans to other governmental agencies under the conditions and in the manner described in the Loan Agreement. The Governmental Agency further understands and acknowledges that the Authority's obligation to make the Supplemental Loan is subject to the availability on the Date of Loan Closing of funds legally available therefor.

3.6 Anything in this Loan Agreement notwithstanding, if the Authority is unable to pay the proceeds of the Supplemental Bonds to the Governmental Agency on the Date of Loan Closing due to the time required for processing the purchase order or requisition for such moneys with the State, the Authority may pay such proceeds as soon as received after the Date of Loan Closing; provided, that the Supplemental Bonds shall not evidence any debt to be repaid to the Authority until the proceeds thereof are received by the Governmental Agency.

ARTICLE IV

Supplemental Bonds; Security for Supplemental Loan;
Repayment of Supplemental Loan; No Interest on
Supplemental Loan; Fees and Charges

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Supplemental Loan, authorize the issuance of and issue the Supplemental Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows:

(a) That the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as set forth on Schedule Y attached hereto and incorporated herein by reference. The gross revenues of the System shall always be used for purposes of the System.

(b) Covenants substantially as follows:

(i) That the Supplemental Bonds shall be secured by the gross or net revenues from the System, as more fully set forth in Schedules X and Y attached hereto, subject to the prior and senior security therefrom granted to the Local Bonds;

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

(iii) That the Governmental Agency will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds and Supplemental Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Supplemental Bonds, except the Local Bonds and bonds on a parity with the Supplemental Bonds, which parity bonds shall only be issued if net revenues of

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

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

(vii) That the Governmental Agency will not render any free services of the System;

(viii) That any Supplemental Bond owner may, by proper legal action, compel the performance of the duties of the Governmental Agency under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Supplemental Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law, subject to the prior and senior rights of the owner or owners of the Local Bonds;

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant and shall submit the report of said audit to the Authority, which report shall include a statement that the Governmental Agency is in compliance with the terms and provisions of the Local Act and this Supplemental Loan Agreement;

(xii) That the Governmental Agency shall annually adopt a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding fiscal year;

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

(xiv) That the proceeds of the Supplemental Bonds, except any proceeds deposited in the Reserve Account or the Supplemental Reserve Account, must be deposited in a construction fund on which the owners of the Supplemental Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing for non-construction costs); provided, that said construction fund may be the one established for the Local Bonds, which shall have a prior and senior lien thereon, but shall otherwise be kept separate and apart from all other funds of the Governmental Agency; and

(xv) That, as long as the Authority is the owner of any of the Supplemental Bonds, the Governmental Agency shall not authorize redemption of any Supplemental Bonds by it without the written consent of the Authority.

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

4.2 The Supplemental Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to the prior and senior security therefrom for the Local Bonds and to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority.

4.3 The principal of the Supplemental Loan shall be repaid by the Governmental Agency annually on the day and in the years provided in Schedule X hereto.

4.4 The Supplemental Loan shall not bear interest.

4.5 The Supplemental Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency.

4.6 The Governmental Agency agrees to pay from time to time, as required by the Authority, the Governmental Agency's allocable share of the reasonable administrative expenses of the Authority relating to the Supplemental Program, which administrative expenses shall be as determined by the Authority and shall include, but not be limited to, legal fees paid by the Authority.

4.7 If the schedule furnished to the Authority pursuant to Section 6.5 reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess of funding for the Project, the Authority may tender to the Governmental Agency its Supplemental Bonds for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Governmental Agency has grant anticipation notes or some other interim financing outstanding upon completion of construction of the Project, it shall advise the Authority of such fact and submit a second schedule to the Authority upon payment of the interim financing, and the Authority shall not tender its Supplemental Bonds for payment until the outstanding interim financing has been paid.

ARTICLE V

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

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

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds and the Supplemental Bonds shall prove to be insufficient to produce the minimum sums set

forth in the Local Act, the Governmental Agency hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges so as to provide funds sufficient to produce the minimum sums set forth in the Local Act and as required by this Supplemental Loan Agreement.

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the rate of five percent (5%) per annum, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Supplemental Loan Agreement.

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Supplemental Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time provided, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Supplemental Loan and receiving the Supplemental Bonds, the Authority shall have the right to cancel all or any of its obligations under this Supplemental Loan Agreement if (a) any representation made to

the Authority by the Governmental Agency in connection with the Loan or the Supplemental Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Loan Agreement or this Supplemental Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Supplemental Loan.

6.4 The Governmental Agency hereby agrees to give the Authority prior written notice of the issuance by it of any other obligations to be used for the Project, payable from the revenues of the System or from any grants for the Project or otherwise related to the Project or the System.

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Supplemental Loan and additional covenants and agreements of the Governmental Agency are set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Supplemental Loan Agreement.

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

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

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

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

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

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

7.8 This Supplemental Loan Agreement shall terminate upon the earlier of:

- (i) termination by the Authority of the Loan Agreement pursuant to Subsections 7.8(i) or (ii) thereof;

- (ii) termination by the Authority pursuant to Section 6.2 hereof; or

- (iii) payment in full of the principal of the Supplemental Loan and of any fees and charges owed by the Governmental Agency to the Authority.

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

Town of Marmet
[Proper Name of Governmental Agency]

(SEAL)

By *Ante W. Supter*
Its Mayor

Attest:

Date: January 3, 1990

Marie E. Hednall
Its Recorder

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By *Daniel B. Yankosky*
Director

Attest:

Date: January 3, 1990

Barbara B. Meadows
Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>30,987.00</u>
Purchase Price of Supplemental Bonds	\$ <u>30,987.00</u>

Principal of the Supplemental Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference. The Supplemental Bonds bear no interest.

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

As of the date of the Supplemental Loan Agreement, the Supplemental Bonds are subordinate as to source of and security for payment to the following obligations, in addition to the Local Bonds:

Town of Marmet
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
38 Principal Payments
Closing Date: 03-Jan-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	815.35
01-Oct-92	815.45
01-Oct-93	815.45
01-Oct-94	815.45
01-Oct-95	815.45
01-Oct-96	815.45
01-Oct-97	815.45
01-Oct-98	815.45
01-Oct-99	815.45
01-Oct-2000	815.45
01-Oct-2001	815.45
01-Oct-2002	815.45
01-Oct-2003	815.45
01-Oct-2004	815.45
01-Oct-2005	815.45
01-Oct-2006	815.45
01-Oct-2007	815.45
01-Oct-2008	815.45
01-Oct-2009	815.45
01-Oct-2010	815.45
01-Oct-2011	815.45
01-Oct-2012	815.45
01-Oct-2013	815.45
01-Oct-2014	815.45
01-Oct-2015	815.45
01-Oct-2016	815.45
01-Oct-2017	815.45
01-Oct-2018	815.45
01-Oct-2019	815.45
01-Oct-2020	815.45
01-Oct-2021	815.45
01-Oct-2022	815.45
01-Oct-2023	815.45
01-Oct-2024	815.45
01-Oct-2025	815.45
01-Oct-2026	815.45
01-Oct-2027	815.45
01-Oct-2028	815.45
01-Oct-2029	0.00
	30,987.00

SCHEDULE Y
REVENUES

In accordance with Subsection 4.1(a) of the Supplemental Loan Agreement, the revenues generated from the operation of the System will be used monthly, in the order of priority listed, as follows:

(i) as prescribed by the Loan Agreement, to pay Operating Expenses of the System;

(ii) as prescribed by the Loan Agreement, to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

(iv) beginning thirteen (13) months prior to the first date of payment of principal of the Supplemental Bonds, to provide debt service on the Supplemental Bonds by

depositing in a sinking fund one-twelfth (1/12) of the principal payment next coming due on the Supplemental Bonds and, if the Supplemental Reserve Account was not funded concurrently with the issuance thereof in an amount equal to the Supplemental Reserve Requirement, by depositing in the Supplemental Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than 10 years) of the Supplemental Reserve Requirement or, if the Supplemental Reserve Account has been so funded (whether by Supplemental Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Supplemental Reserve Account at the Supplemental Reserve Requirement;

(v) to provide debt service on and requisite reserves for any other subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.

2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.

3. "System" means a sewage collection system and/or a treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.

2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.

3. As a condition precedent to the Authority's making the Supplemental Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

4. The Local Act shall contain a covenant substantially as follows:

That the Governmental Agency will, to the full extent permitted by applicable law and the rules and regulations of the PSC, discontinue and shut off the services and facilities of the System and, in the event the Governmental Agency owns a water facility (the "Water System"), the Water System to all users of services of the System delinquent in payment of charges for the services of the System and will not restore the services of either system until all delinquent charges for the services of the System have been fully paid.

5. To the extent required by law, the Governmental Agency hereby covenants and agrees to secure approval of the Authority and all other State agencies having jurisdiction before applying for federal financial assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State.

6. Subject to any prior or parity obligations described in Schedules X and Y attached to the Supplemental Loan Agreement, and to the prior lien of the Local Bonds, the net revenues derived from the operation of the System are pledged to the payment of the principal of the Supplemental Bonds.

[Form of Series 1990 A Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1990 A**

No. AR-1

\$664,013.00

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Six Hundred Sixty-Four Thousand Thirteen and NO/100 Dollars (\$664,013.00), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of One Valley Bank, National Association, a national banking association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions

prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and 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 December 5, 1989, effective December 5, 1989, as supplemented by a resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of Thirty Thousand Nine Hundred Eighty-Seven and NO/100 Dollars (\$30,987.00), which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds and the Series 1990 B Bonds, and on all other obligations secured by or payable from

such revenues prior to or on a parity with the Bonds, or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the reserve account established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 B Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated January 3, 1990.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

As Registrar

By: _____
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: _____

In the presence of:

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1990 A**

No. AR-1

\$664,013.00

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby, promises to pay, solely from the special funds provided therefor as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Six Hundred Sixty-Four Thousand Thirteen and NO/100 Dollars (\$664,013.00), in annual installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1990. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the Registered Owner hereof at the address as it appears on the books of One Valley Bank, National Association, a national banking association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain additions, improvements and betterments to the existing sewerage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and 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 December 5, 1989, effective December 5, 1989, as supplemented by a resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of Thirty Thousand Nine Hundred Eighty-Seven and NO/100 Dollars (\$30,987.00), which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all Bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided from the Net Revenues, the monies in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System and to leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due on principal of and interest on the Bonds, the Series 1990 B Bonds, and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest which will become

due on the Bonds in any year, and in the reserve account established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 B Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated January 3, 1990.

[SEAL]

Louis W. Thompson
Mayor

ATTEST:

Marie E. Huanall
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: Charlotte Morgan
As Registrar
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Exhibit A

Town of Marmet
 Debt Service Schedule
 Analysis of Borrowing from Series 1989 Pool
 38 Principal Payments
 Closing Date: 03-Jan-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90			38,804.18	38,804.18
01-Oct-91	7.85%	3,127.00	52,125.02	55,252.02
01-Oct-92	7.85%	3,373.00	51,879.55	55,252.55
01-Oct-93	7.85%	3,638.00	51,614.77	55,252.77
01-Oct-94	7.85%	3,923.00	51,329.19	55,252.19
01-Oct-95	7.85%	4,231.00	51,021.23	55,252.23
01-Oct-96	7.85%	4,563.00	50,689.10	55,252.10
01-Oct-97	7.85%	4,922.00	50,330.90	55,252.90
01-Oct-98	7.85%	5,308.00	49,944.53	55,252.53
01-Oct-99	7.85%	5,725.00	49,527.85	55,252.85
01-Oct-2000	7.85%	6,174.00	49,078.44	55,252.44
01-Oct-2001	7.85%	6,659.00	48,593.78	55,252.78
01-Oct-2002	7.85%	7,181.00	48,071.04	55,252.04
01-Oct-2003	7.85%	7,745.00	47,507.34	55,252.34
01-Oct-2004	7.85%	8,353.00	46,899.35	55,252.35
01-Oct-2005	7.85%	9,009.00	46,243.64	55,252.64
01-Oct-2006	7.85%	9,716.00	45,536.44	55,252.44
01-Oct-2007	7.85%	10,479.00	44,773.73	55,252.73
01-Oct-2008	7.85%	11,301.00	43,951.13	55,252.13
01-Oct-2009	7.85%	12,188.00	43,064.00	55,252.00
01-Oct-2010	7.85%	13,145.00	42,107.24	55,252.24
01-Oct-2011	7.85%	14,177.00	41,075.36	55,252.36
01-Oct-2012	7.85%	15,290.00	39,962.47	55,252.47
01-Oct-2013	7.85%	16,490.00	38,762.20	55,252.20
01-Oct-2014	7.85%	17,785.00	37,467.74	55,252.74
01-Oct-2015	7.85%	19,181.00	36,071.61	55,252.61
01-Oct-2016	7.85%	20,687.00	34,565.91	55,252.91
01-Oct-2017	7.85%	22,311.00	32,941.98	55,252.98
01-Oct-2018	7.85%	24,062.00	31,190.56	55,252.56
01-Oct-2019	7.85%	25,951.00	29,301.70	55,252.70
01-Oct-2020	7.85%	27,988.00	27,264.54	55,252.54
01-Oct-2021	7.85%	30,185.00	25,067.48	55,252.48
01-Oct-2022	7.85%	32,554.00	22,697.96	55,251.96
01-Oct-2023	7.85%	35,110.00	20,142.47	55,252.47
01-Oct-2024	7.85%	37,866.00	17,386.34	55,252.34
01-Oct-2025	7.85%	40,839.00	14,413.86	55,252.86
01-Oct-2026	7.85%	44,044.00	11,207.99	55,251.99
01-Oct-2027	7.85%	47,502.00	7,750.54	55,252.54
01-Oct-2028	7.85%	51,231.00	4,021.63	55,252.63
01-Oct-2029	0.00%	0.00	0.00	0.00
		664,013.00	1,474,384.79	2,138,397.79

ASSIGNMENT

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

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

Dated: _____

In the presence of:

[Form of Series 1990 B Bond]

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1990 B**

NO. BR-1

\$30,987.00

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Thirty Thousand Nine Hundred Eighty Seven and NO/100 Dollars (\$30,987.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and 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 December 5, 1989, effective

December 5, 1989, as supplemented by resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. This Bond is junior and subordinate to the lien of the Issuer's Sewer Revenue Bonds, Series 1990 A issued simultaneously herewith (the "Series 1990 A Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System subject only to the lien of the Series 1990 A Bonds, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1990 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, 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 year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1990 A Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 A Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1990 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferrable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") by the Registered Owner or by its attorney, duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1990 A Bonds.

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

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

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated January 3, 1990.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

As Registrar

By: _____
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[FORM OF ASSIGNMENT]

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

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

Dated: _____

In the presence of:

**UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MARMET SEWER REVENUE
BOND, SERIES 1990 B**

NO. BR-1

\$30,987.00

KNOW ALL MEN BY THESE PRESENTS: That the Town of Marmet, a municipal corporation, organized and existing under the laws of the State of West Virginia (the "Issuer"), for value received hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns, the sum of Thirty Thousand Nine Hundred Eighty Seven and NO/100 Dollars (\$30,987.00), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated hereby by reference, without interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity, in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated January 3, 1990.

This Bond is issued (i) to pay costs of acquisition and construction of certain new additions, improvements and betterments to the existing sewage treatment system, collection and transportation facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and 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 December 5, 1989, effective December 5, 1989, as supplemented by resolution duly adopted by the Issuer on the 2nd day of January, 1990, (collectively called

the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional Bonds under certain conditions, and such Bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation. This Bond is junior and subordinate to the lien of the Issuer's Sewer Revenue Bonds, Series 1990 A issued simultaneously herewith (the "Series 1990 A Bonds").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System subject only to the lien of the Series 1990 A Bonds, monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 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 which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any Constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same except from said special fund provided from the Net Revenues, the monies in the Series 1990 B Bonds Reserve Account, and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, 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 year equal to at least one hundred fifteen percent (115%) of the maximum amount required to pay in any year the maximum amount due of principal of and interest on the Bonds, the Series 1990 A Bonds and on all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, or the Series 1990 A Bonds, provided however, that so long as there exists in the Series 1990 B Bonds Reserve Account, an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in any year, and in the reserve accounts established for the Series 1990 A Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1990 A Bonds, in an amount at least equal to the respective requirement therefor, such percentage may be reduced to one hundred ten percent (110%). The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferrable, as provided in the Bond Legislation, only upon the books of One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") by the

Registered Owner or by its attorney, duly in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or its attorney duly authorized in writing.

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

All monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant Sinking Fund, and there shall be and hereby is created and granted, a lien upon such monies, until so applied, in favor of the Owner of this Bond, provided that said lien upon monies in the Bond Construction Trust Fund is subordinate to the lien of the Series 1990 A Bonds.

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

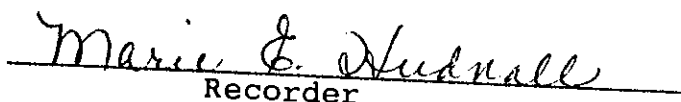
All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE TOWN OF MARMET has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated January 3, 1990.

[SEAL]


Mayor

ATTEST:


Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By: Charlotte Morgan
As Registrar
Its Authorized Officer

Dated: January 3, 1990

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Marmet
Debt Service Schedule
Analysis of Borrowing from Series 1989 Pool
38 Principal Payments
Closing Date: 03-Jan-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	815.35
01-Oct-92	815.45
01-Oct-93	815.45
01-Oct-94	815.45
01-Oct-95	815.45
01-Oct-96	815.45
01-Oct-97	815.45
01-Oct-98	815.45
01-Oct-99	815.45
01-Oct-2000	815.45
01-Oct-2001	815.45
01-Oct-2002	815.45
01-Oct-2003	815.45
01-Oct-2004	815.45
01-Oct-2005	815.45
01-Oct-2006	815.45
01-Oct-2007	815.45
01-Oct-2008	815.45
01-Oct-2009	815.45
01-Oct-2010	815.45
01-Oct-2011	815.45
01-Oct-2012	815.45
01-Oct-2013	815.45
01-Oct-2014	815.45
01-Oct-2015	815.45
01-Oct-2016	815.45
01-Oct-2017	815.45
01-Oct-2018	815.45
01-Oct-2019	815.45
01-Oct-2020	815.45
01-Oct-2021	815.45
01-Oct-2022	815.45
01-Oct-2023	815.45
01-Oct-2024	815.45
01-Oct-2025	815.45
01-Oct-2026	815.45
01-Oct-2027	815.45
01-Oct-2028	815.45
01-Oct-2029	0.00

30,987.00

ASSIGNMENT

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

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

Dated: _____

In the presence of:

LAW OFFICES
HAMB, POFFENBARGER & BAILEY
SUITE 915
CHARLESTON NATIONAL PLAZA
CHARLESTON, WEST VIRGINIA 25301

WILLIAM E. HAMB
JOHN T. POFFENBARGER
JENNIFER F. BAILEY
ROBERT W. KIEFER, JR.

MAILING ADDRESS
P.O. BOX 1671
CHARLESTON, WEST VIRGINIA 25326-1671
TELEPHONE: (304) 343-4128
TELECOPIER: (304) 344-1974

January 3, 1990

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Town of Marmet
Sewer Revenue Bonds
Series 1990 A

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$664,013.00 Sewer Revenue Bonds, Series 1990 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a Loan Agreement, dated January 3, 1990, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1990, at the rate of 7.85 percent per annum, and with principal installments payable on October 1 in each of the years 1991 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a

West Virginia Water Development Authority
January 3, 1990
Page -2-

portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance.

We have also examined the applicable provisions of the Local Statute, the Bond Ordinance duly enacted by the Governmental Agency on December 5, 1989, effective December 5, 1989, as supplemented by a Supplemental Resolution adopted January 2, 1990, (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions, and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

- (1) The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement, and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
- (2) The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special Obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely, the rights of the Authority or diminish the Obligations of the Issuer without the consent of the Authority.
- (3) The Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Local Bonds have been duly and effectively enacted and adopted by the

West Virginia Water Development Authority
January 3, 1990
Page -3-

Issuer and constitute valid and binding Obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

(4) The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special Obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

(5) The interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted with respect to corporations, (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income and adjusted current earnings for taxable years ending after December 31, 1989, for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all covenants and representations relating to federal income tax matters set forth in the Ordinance. Failure to comply with such covenants and representations could cause the interest on the Bonds to be so included 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.

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

It is to be understood that the rights of the owners of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency,

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 3, 1990
Page -4-

reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent Constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

HAMB, POFFENBARGER & BAILEY

Hamb, Poffenbarger & Bailey

LAW OFFICES
HAMB, POFFENBARGER & BAILEY
SUITE 915
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MAILING ADDRESS
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CHARLESTON, WEST VIRGINIA 25326-1671
TELEPHONE: (304) 343-4128
TELECOPIER: (304) 344-1974

January 3, 1990

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Town of Marmet
Sewer Revenue Bonds
Series 1990 A

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$664,013.00 Sewer Revenue Bonds, Series 1990 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a Loan Agreement, dated January 3, 1990, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning April 1, 1990, at the rate of 7.85 percent per annum, and with principal installments payable on October 1 in each of the years 1991 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a

West Virginia Water Development Authority
January 3, 1990
Page -2-

portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance.

We have also examined the applicable provisions of the Local Statute, the Bond Ordinance duly enacted by the Governmental Agency on December 5, 1989, effective December 5, 1989, as supplemented by a Supplemental Resolution adopted January 2, 1990, (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions, and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

(2) The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special Obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely, the rights of the Authority or diminish the Obligations of the Issuer without the consent of the Authority.

(3) The Local Act and all other necessary ordinances and resolutions in connection with the issuance and sale of the Local Bonds have been duly and effectively enacted and adopted by the

West Virginia Water Development Authority
January 3, 1990
Page -3-

Issuer and constitute valid and binding Obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

(4) The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special Obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a lien on and pledge of the net revenues of said System, all in accordance with the terms of the Local Bonds and the Local Act.

(5) The interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted with respect to corporations, (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income and adjusted current earnings for taxable years ending after December 31, 1989, for the purpose of computing the alternative minimum tax imposed on such corporations. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all covenants and representations relating to federal income tax matters set forth in the Ordinance. Failure to comply with such covenants and representations could cause the interest on the Bonds to be so included 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.

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

It is to be understood that the rights of the owners of the Local Bonds and the enforceability of the Local Bonds and the Local Act may be subject to bankruptcy, insolvency,

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 3, 1990
Page -4-

reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent Constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,

HAMB, POFFENBARGER & BAILEY

Harold Poffenbarger & Bailey

LAW OFFICES
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TELEPHONE: (304) 343-4128
TELECOPIER: (304) 344-1974

January 3, 1990

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Town of Marmet
Sewer Revenue Bonds
Series 1990 B

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision, organized and existing under the laws of the State of West Virginia, of \$30,987.00 Sewer Revenue Bonds, Series 1990 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated January 3, 1990, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one Bond registered as to principal to the Authority without interest thereon, with the first principal installment of \$815.35 payable on October 1, 1991, and additional principal installments of \$815.45 on the first day of each month in each of the years 1992 through 2028, inclusive, all as set forth in "Schedule X", attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a Loan Agreement also dated January 3, 1990, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and

West Virginia Water Development Authority
January 3, 1990
Page -2-

security for payment to the Bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1990 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including, particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance.

We have also examined the applicable provisions of the Local Statute, the Bond Ordinance duly enacted by the Governmental Agency on December 5, 1989, effective December 5, 1989, as supplemented by a Supplemental Resolution adopted January 2, 1990, (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Supplemental Loan Agreement, and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 3, 1990
Page -3-

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special Obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect, adversely, the rights of the Authority or diminish the Obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary Ordinances and Resolutions in connection with the issuance and sale of the Supplemental Bonds have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding Obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special Obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a second lien on and pledge of the net revenues of said System, junior and subordinate only to the lien created for the Local Bonds, all in accordance with the terms of the Local Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional Bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

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

It is to be understood that the rights of the owners of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent Constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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January 3, 1990

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Town of Marmet
Sewer Revenue Bonds
Series 1990 B

Gentlemen:

We have acted as bond counsel in connection with the issuance by the Town of Marmet (the "Issuer"), a municipal corporation and political subdivision, organized and existing under the laws of the State of West Virginia, of \$30,987.00 Sewer Revenue Bonds, Series 1990 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated January 3, 1990, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority"), and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one Bond registered as to principal to the Authority without interest thereon, with the first principal installment of \$815.35 payable on October 1, 1991, and additional principal installments of \$815.45 on the first day of each month in each of the years 1992 through 2028, inclusive, all as set forth in "Schedule X", attached to the Supplemental Loan Agreement and incorporated in and made a part of the Supplemental Bonds.

The Supplemental Loan Agreement is supplemental to a Loan Agreement also dated January 3, 1990, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien and source of and

West Virginia Water Development Authority
January 3, 1990
Page -2-

security for payment to the Bonds issued pursuant to the Loan Agreement and designated "Sewer Revenue Bonds, Series 1990 A" (the "Local Bonds"), which Local Bonds are issued simultaneously herewith.

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including, particularly, Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying costs of issuance.

We have also examined the applicable provisions of the Local Statute, the Bond Ordinance duly enacted by the Governmental Agency on December 5, 1989, effective December 5, 1989, as supplemented by a Supplemental Resolution adopted January 2, 1990, (collectively, the "Local Act"), pursuant to which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Supplemental Loan Agreement, and to issue and sell the Supplemental Bonds, all under the Local Statute and other applicable provisions of law. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Supplemental Loan Agreement.

West Virginia Water Development Authority
January 3, 1990
Page -3-

2. The Supplemental Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special Obligation of the Issuer, enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect, adversely, the rights of the Authority or diminish the Obligations of the Issuer without the consent of the Authority.

3. The Local Act and all other necessary Ordinances and Resolutions in connection with the issuance and sale of the Supplemental Bonds have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding Obligations of the Issuer enforceable upon the Issuer.

4. The Supplemental Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special Obligations of the Issuer, payable from the net revenues of the System referred to in the Local Act and secured by a second lien on and pledge of the net revenues of said System, junior and subordinate only to the lien created for the Local Bonds, all in accordance with the terms of the Local Bonds and the Local Act.

5. The Issuer has reserved the right to issue additional Bonds ranking on a parity with the Supplemental Bonds, as provided in the Local Act.

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

It is to be understood that the rights of the owners of the Supplemental Bonds and the enforceability of the Supplemental Bonds and the Local Act may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent Constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 3, 1990
Page -4-

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

Very truly yours,

HAMB, POFFENBARGER & BAILEY

Harold Poffenbarger Bailey

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 3, 1990
Page -4-

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

Very truly yours,

HAMB, POFFENBARGER & BAILEY

Hamb, Poffenbarger & Bailey

LAW OFFICES
HAMB, POFFENBARGER & BAILEY
SUITE 915
CHARLESTON NATIONAL PLAZA
CHARLESTON, WEST VIRGINIA 25301

WILLIAM E. HAMB
JOHN T. POFFENBARGER
JENNIFER F. BAILEY
ROBERT W. KIEFER, JR.

MAILING ADDRESS
P.O. BOX 1671
CHARLESTON, WEST VIRGINIA 25326-1671
TELEPHONE: (304) 343-4128
TELECOPIER: (304) 344-1974

January 2, 1990

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Re: Town of Marmet
Sewer Revenue Bonds

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$664,013.00 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A (the "Local Bonds"), of the Town of Marmet (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

Based upon such Certificate as to Arbitrage, we are of the opinion that the facts, estimates and circumstances set forth in the Certificate as to Arbitrage are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986 (the "Code"), to support the conclusion that the Local Bonds are not "arbitrage bonds" as therein defined. No matters have come to our attention which make unreasonable or incorrect such statements, expectations or representations.

In the Certificate as to Arbitrage, the Issuer represented that (i) the Issuer has general taxing powers to finance operations of or facilities of the nature of the Project; (ii) the Issuer and all subordinate entities reasonably expected to issue less than \$5,000,000.00 aggregate principal amount of tax-exempt Bonds during the calendar year 1990, being the calendar year in which the Bonds were issued; and (iii) the Issuer has issued no other tax-exempt Bonds during such calendar year except for the Series 1990 B Bonds, which bear no interest.

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further

HAMB, POFFENBARGER & BAILEY

West Virginia Water Development Authority
January 2, 1990
Page -2-

opinion, based upon such Certificate of Arbitrage, that proceeds of the Bonds are not subject to the arbitrage rebate requirements as set forth in Section 148(f) of the Code.

We express no opinion herein as to the taxability of the interest on these Local Bonds in the event of the failure to comply with the other requirements and restrictions of Section 148 of the Code, and any regulations promulgated thereunder.

Very truly yours,

A handwritten signature in cursive script, appearing to read "H. Poffenbarger & Bailey".

HAMB, POFFENBARGER & BAILEY

LOUDERBACK & LOUDERBACK

ATTORNEYS AT LAW

TELEPHONE 343-8956
AREA CODE 304

January 3, 1990

408 TERMINAL BUILDING
NO. 8 CAPITOL STREET
CHARLESTON, W. VA. 25301

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Hamb, Poffenbarger & Bailey
Post Office Box 1671
Charleston, West Virginia 25326

Re: Town of Marmet
Sewer Revenue Bonds
Series 1990 A and
Series 1990 B

Gentlemen:

I am counsel to the Town of Marmet, Kanawha County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Hamb, Poffenbarger & Bailey, as bond counsel, a Loan Agreement and Supplemental Loan Agreement, both dated January 3, 1990, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein, have the same meanings herein.

I am of the opinion that:

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

2. The members of the Council of the Issuer have been duly and properly elected, have taken the requisite oaths, and are authorized to act on behalf of the Issuer.

West Virginia Water Development Authority
Hamb, Poffenbarger & Bailey
January 3, 1990
Page -2-

3. The Local Act has been duly enacted and adopted by the Issuer and is in full force and effect.

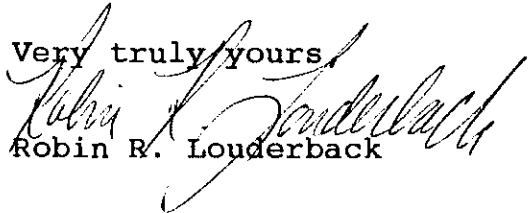
4. The execution and delivery of the Bonds and the Loan Agreement, and the consummation of the transactions contemplated by the Loan Agreement and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute on the part of the Issuer, a breach of or default under any agreement or other instrument to which the Issuer is a party or to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approval from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The Public Service Commission has issued its Final Order dated December 26, 1989, granting the Issuer a Certificate of Convenience and Necessity. The staff of the Public Service Commission has represented that it will not appeal the Final Order. The Issuer will not appeal said Final Order. The Rate Ordinance adopted November 8, 1989, was not appealed and is now not subject to appeal.

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

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

Very truly yours,


Robin R. Louderback

TOWN OF MARMET

Sewer Revenue Bonds
Series 1990 A and Series 1990 B

ENGINEER'S CERTIFICATE

I, Paul Ghosh, Registered Professional Engineer, West Virginia License No. 7806 of Ghosh Engineering, Inc., consulting engineers, of Charleston, West Virginia, hereby certifies as follows:

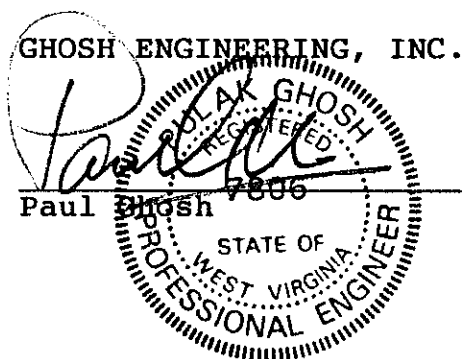
(1) My firm is engineer for the construction and acquisition of certain municipal sewerage facilities (the "Project") for the Town of Marmet in Kanawha County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed in part by proceeds of the above-captioned bonds (the "Bonds") and out of certain grant proceeds from the United States Environmental Protection Agency (EPA) and certain other grants.

(2) The undersigned hereby certifies that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by Ghosh Engineering, Inc., or amendments thereto and as described in the Application submitted to the WDA and approved by all necessary governmental bodies and is situated wholly or chiefly within the boundaries of the Town of Marmet; (ii) the Project is adequate for the purpose for which it was dsigned and all necessary governmental approvals for the construction thereof have been obtained; (iii) my firm has examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project, and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application, and my firm will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary

MARMET-CHESAPEAKE WASTEWATER SYSTEMS IMPROVEMENTS
Engineer's Certificate, continued
Page 2

for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than forty (40) years; (vii) the rates and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between WDA and the Issuer; and (viii) the net proceeds of the Bonds, together with the proceeds of grants irrevocably committed therefore and other monies on deposit or to be simultaneously deposited and irrevocably committed therefore, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to WDA on the date of the Loan Agreement.

WITNESS my signature on the 3rd day of January, 1990.



WV MUNICIPAL BOND COMMISSION
Suite 337 Building 3
1800 Washington St. E
State Capitol Complex
Charleston, WV 25305
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: _____

(See Reverse for Instructions)

ISSUE: <u>City of Marmet Sewer</u>		<u>WDA Loan</u>
ADDRESS: <u>P. O. Box 15037, Marmet, WV 25315</u>		COUNTY: <u>Kanawha</u>
PURPOSE <u>New Money</u> ☒ <u>X</u>		
OF ISSUE: <u>Refunding</u> ☐ Refunds issue(s) dated: _____		
ISSUE DATE: <u>1/3/90</u>	CLOSING DATE: <u>1/3/90</u>	
ISSUE AMOUNT: \$ <u>664,013.00</u> <u>Only</u>	RATE: <u>7.85%</u>	
1st DEBT SERVICE DUE: <u>4/1/90</u>	1st PRINCIPAL DUE: <u>10/1/91</u>	
1st DEBT SERVICE AMOUNT: _____	PAYING AGENT: <u>Municipal Bond Commission</u>	
ISSUERS <u>Hamb, Poffenbarger</u>	UNDERWRITERS	
BOND COUNSEL: <u>& Bailey</u>	BOND COUNSEL: _____	
Contact Person: <u>J. T. Poffenbarger</u>	Contact Person: _____	
Phone: <u>343-4128</u>	Phone: _____	
CLOSING BANK: <u>City National Bank</u>	ESCROW TRUSTEE: _____	
Contact Person: <u>David Dawson</u>	Contact Person: _____	
Phone: <u>925-6611</u>	Phone: _____	
KNOWLEDGEABLE ISSUER CONTACT	OTHER: _____	
Contact Person: <u>Curtis Sutphin</u>	Contact Person: _____	
Position: <u>Mayor</u>	Function: _____	
Phone: <u>949-2241</u>	Phone: _____	
DEPOSITS TO MBC AT CLOSE:	Accrued Interest:	\$ <u>-0-</u>
By <u>Wire</u> ☐	Capitalized Interest:	\$ <u>-0-</u>
<u>Check</u> ☐	Reserve Account:	\$ <u>-0-</u>
	Other: _____	\$ <u>-0-</u>
REFUNDS & TRANSFERS BY MBC AT CLOSE:	To Escrow Trustee:	\$ <u>-0-</u>
By <u>Wire</u> ☐	To Issuer:	\$ <u>-0-</u>
<u>Check</u> ☐	To Cons. Invest. Fund:	\$ <u>-0-</u>
<u>IGT</u> ☐	To Other: _____	\$ <u>-0-</u>
NOTES: _____		

FOR MUNICIPAL BOND COMMISSION USE ONLY:		
DOCUMENTS		
REQUIRED: _____		
TRANSFERS		
REQUIRED: _____		

The purpose of the **NEW ISSUE REPORT FORM** is to provide the WV Municipal Bond Commission with an early warning of three basis facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The Commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the WV Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all suppliments, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes".

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at close are required, please submit this form before closing. If no significant facts change by closing, no resubmission at close is required. If, however, there are changes, please submit an updated form, with changes noted, at close.

If you should have any questions concerning this form, please call the Commission.

TOWN OF MARMET, WEST VIRGINIA

SEWER REVENUE BONDS, SERIES 1990 A AND SERIES 1990 B

ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, with principal offices in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Marmet Sewer Revenue Bonds, Series 1990 A and 1990 B, dated January 3, 1990, in the aggregate principal amount of \$695,000.00, and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing the issuance of the Bonds.

Dated this 3rd day of January, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte S. Morgan
Its Corporate Trust Administrative
Officer

TOWN OF MARMET

Sewer Revenue Bonds
Series 1990 A and Series 1990 B

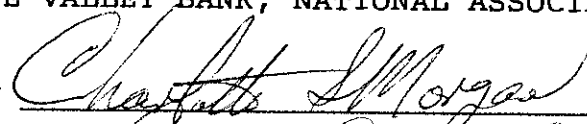
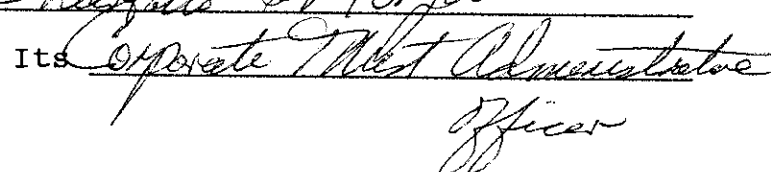
CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, of One Valley Bank, National Association, Charleston, West Virginia, as Registrar under the Local Act and Registrar's Agreement providing for the \$695,000.00 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, of the Town of Marmet (the "Issuer"), hereby certify that on the 3rd day of January, 1990, the single, fully registered Series 1990 A Bond of the Issuer, in the principal amount of \$664,013.00, designated "Sewer Revenue Bond, Series 1990 A", numbered AR-1, and the single, fully registered Series 1990 B Bond of the Issuer, in the principal amount of \$30,987.00, designated "Sewer Revenue Bond, Series 1990 B", numbered BR-1, were registered as to principal and interest (the Series 1990 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority", in the books of the Issuer kept for the purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 3rd day of January, 1990.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its 
Officer

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 3rd day of January, 1990, by and between the TOWN OF MARMET, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and One Valley Bank, National Association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$695,000.00 aggregate principal amount of Sewer Revenue Bonds, Series 1990 A and Series 1990 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond and Notes Ordinance enacted December 5, 1989, and a Supplemental Resolution adopted January 2, 1990 (collectively, the "Local Act");

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

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

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

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

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar, and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Local Act, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance, and when properly presented for exchange or transfer, shall do so with the intention of maintaining the exemption of interest on the Bonds from Federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: Town of Marmet
Marmet City Hall
Marmet, West Virginia 25315
Attention: Mayor

REGISTRAR: One Valley Bank, National Association
One Valley Square
Charleston, West Virginia 25301
Attention: Charlotte S. Morgan

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

IN WITNESS WHEREOF, the Town of Marmet and One Valley Bank, National Association, have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above written.

TOWN OF MARMET

By *Lester W. Simpson*
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By *Charlotte Morgan*
Its *Corporate Trust Administrator*
Officer

LOAN PROGRAM II
REQUISITION AS TO LOAN TO GOVERNMENTAL AGENCY

TO: ONE VALLEY BANK, NATIONAL ASSOCIATION, Trustee
(formerly Kanawha Valley Bank, National
Association)

- A. Name of Governmental Agency to which payment is
to be made: Town of Marmet, West Virginia
- B. Total Amount to be paid: \$664,013
- C. Certification by Water Development Authority:

I hereby certify that under the terms and provisions of the Loan Agreement providing for the Loan to the above-captioned Governmental Agency, dated as of January 3, 1990, said Governmental Agency has sold its Local Bonds to the Authority in the principal amount equal to the amount of the Loan set forth in B above, that such Governmental Agency is obligated to make Local Bonds Payments and to pay Fees and Charges in accordance with Section 9.09 of the General Resolution and that such Governmental Agency is not in default under any of the terms or provisions of said Loan Agreement.

I further certify that the Local Bonds Payments, the Supplemental Bonds Payments, and other moneys available therefor, will be sufficient to pay interest on and Principal Installments of the Bonds, the proceeds of which were used to fund the Loan Obligation, as such interest and Principal Installments come due.

The above certifications comply with Subsections 6.06(2)(a)(ii) and (v) of the General Resolution.


Authorized Representative
West Virginia Water Development
Authority

DATE: January 3, 1990

ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the \$664,013 Town of Marmet Sewer Revenue Bonds, Series 1990 A, numbered AR-1, and standing in the name of the West Virginia Water Development Authority on the books of said Governmental Agency.

Dated: January 3, 1990

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B. Meadows

Authorized Representative