

TOWN OF MOOREFIELD

SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

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TOWN OF MOOREFIELD

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ENACTED AND ORDAINED BY THE COUNCIL OF THE TOWN OF MOOREFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The Town of Moorefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the existing public sewerage system of the Issuer, consisting of gravity sewer lines and manholes, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Recorder of the Issuer.

C. 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 operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 1999 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

D. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) (the "Series 1999 A Bonds"), in the aggregate principal amount of not more than \$1,400,000, initially to be represented by a single bond, to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 1999 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction or acquisition of the Project; amounts which may be deposited in the Series 1999 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1999 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the

things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1999 A Bonds 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 25 years.

G. It is in the best interests of the Issuer that its Series 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank either on parity with or junior and subordinate to the Series 1999 A Bonds as to liens, pledges, sources of and security for payment, which obligations are designated and have the lien positions, as follows:

<u>Description</u>	<u>Lien Position</u>
Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, issued in the original aggregate principal amount of \$245,569 (the "Series 1986 A Bonds")	First Lien
Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of \$156,720 (the "Series 1987 A Bonds")	First Lien
Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of \$38,440 (the "Series 1987 B Bonds")	Second Lien

The Series 1999 A Bonds shall be issued on parity with the Series 1986 A Bonds and Series 1987 A Bonds, and senior and prior to the Series 1987 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 1999 A Bonds, the Issuer will obtain (i) the certificate of

an Independent Certified Public Accountant stating that the parity tests of the Series 1986 A Bonds and the Series 1987 A Bonds are met, (ii) the written consent of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds to the issuance of the Series 1999 A Bonds on a parity with the Series 1986 A Bonds and the Series 1987 A Bonds; and (iii) the written consent of the Holders of the Series 1987 B Bonds to the issuance of the Series 1999 A Bonds on a senior and prior basis to the Series 1987 B Bonds.

Other than the Series 1986 A Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds (collectively, the "Prior Bonds"), there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1999 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval (or "grandfathering") of the Project and the financing thereof, by the West Virginia Infrastructure and Jobs Development Council and obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1999 A Bonds or such final order will not be subject to appeal.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 1999 A Bonds for the purposes set forth herein.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 1999 A 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 the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefiting thereby, reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 1999 A Bonds are to be issued.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1999 A Bonds by the Registered Owners of the same from time to

time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 1999 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1999 A Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

"Authorized Officer" means the Mayor of the Issuer, or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" means the Sanitary Board of the Issuer.

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

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

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

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

"Bonds" means, collectively, the Series 1999 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1999 A Bonds for the proceeds representing the purchase price of the Series 1999 A Bonds or at least a de minimis portion thereof from the Authority.

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

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

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

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

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

"Council" means the Council of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Council as presently constituted.

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

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

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

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

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

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

"Grant" means all moneys received by the Issuer on account of any grant in aid of construction of the Project.

"Grant Agreement" means a written commitment for the payment of any Grant, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer.

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

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means the Town of Moorefield, a municipal corporation and political subdivision of the State of West Virginia, in Hardy County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the

purchase of the Series 1999 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1999 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1999 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1999 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1999 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 A Bonds.

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

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

paid; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or such other entity or authority as may be designated as a Paying Agent by the Issuer in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1986 A Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer adopted June 14, 1983, as supplemented by the supplemental resolution of the Issuer adopted January 7, 1986, authorizing the issuance of the Series 1986 A Bonds and the ordinance of the Issuer adopted November 16, 1987, as supplemented by the supplemental resolution of the Issuer adopted November 16, 1987, authorizing the issuance of the Series 1987 A and Series 1987 B Bonds.

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

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

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

- (a) Government Obligations;
- (b) Government Obligations which have been stripped of their unmatured interest coupons, interest coupons stripped from Government Obligations, and receipts or certificates evidencing payments from Government Obligations or interest coupons stripped from Government Obligations;
- (c) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 1999 A Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds and the Series 1999 A Bonds.

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

"Series 1986 A Bonds" means the Issuer's Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, issued in the original aggregate principal amount of \$245,569.

"Series 1986 A Bonds Reserve Account" means the Series A Bonds Reserve Fund established for the Series 1986 A Bonds by the Prior Ordinances.

"Series 1986 A Bonds Sinking Fund" means the Series A Bonds Sinking Fund established for the Series 1986 A Bonds by the Prior Ordinances.

"Series 1987 A Bonds" means the Issuer's Subordinate Sewerage System Revenue Bonds, Series 1987 A, dated November 20, 1987, issued in the original aggregate principal amount of \$156,720.

"Series 1987 A Bonds Reserve Account" means the Reserve Account established for the Series 1987 A Bonds by the Prior Ordinances.

"Series 1987 A Bonds Sinking Fund" means the Sinking Fund established for the Series 1987 A Bonds by the Prior Ordinances.

"Series 1987 B Bonds" means the Issuer's Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 B, dated November 20, 1987, issued in the original aggregate principal amount of \$38,440.

"Series 1987 B Bonds Reserve Account" means the Supplemental Reserve Account established for the Series 1987 B Bonds by the Prior Ordinances.

"Series 1987 B Bonds Sinking Fund" means the Supplemental Sinking Fund established for the Series 1987 B Bonds by the Prior Ordinances.

"Series 1999 A Bonds" means the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 1999 A Bond Construction Trust Fund" means the Series 1999 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established in the Series 1999 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1999 A Bonds in the then current or any succeeding year.

"Series 1999 A Bonds Sinking Fund" means the Series 1999 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 1999 A Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid pursuant to the Loan Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1999 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1999 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1999 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Depreciation Fund and the Reserve Accounts.

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed \$1,400,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 1999 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed \$1,400,000, which will be obtained from proceeds of the Series 1999 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1999 A Bonds, funding a reserve account for the Series 1999 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 1999 A Bonds of the Issuer. The Series 1999 A Bonds shall be issued as a single Bond, designated as "Sewer Revenue Bond, Series 1999 A (West Virginia SRF Program)," in the principal amount of not more than \$1,400,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 A Bonds remaining after funding of the Series 1999 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 1999 A Bonds, shall be deposited in or credited to the Series 1999 A Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1999 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1999 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1999 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1999 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1999 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 1999 A 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 the Series 1999 A Bonds shall cease to be such officer of the Issuer before the Series 1999 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1999 A 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 the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1999 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1999 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1999 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1999 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1999 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Series 1999 A Bonds.

The registered Series 1999 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1999 A Bonds or transferring the registered Series 1999 A Bonds are exercised, all Series 1999 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1999 A Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1999 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1999 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1999 A Bonds or, in the case of any proposed redemption of Series 1999 A Bonds, next preceding the date of the selection of Series 1999 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 1999 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1999 A 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 the Series 1999 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1987 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1999 A Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1999 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 A Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 1999 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1999 A Bonds to the original purchasers;
- C. An executed and certified copy of Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 1999 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SEWER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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

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

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

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

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, DATED JANUARY 10, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$245,569 (THE "SERIES 1986 A BONDS"), AND (2) SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$156,720 (THE "SERIES 1987 BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$38,440 (THE "SERIES 1987 B BONDS").

THE SERIES 1986 A BONDS, THE SERIES 1987 A BONDS AND THE SERIES 1987 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and

which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD 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 _____, _____.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, _____.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT		DATE		AMOUNT		DATE	
(1)	\$			(19)	\$		
(2)	\$			(20)	\$		
(3)	\$			(21)	\$		
(4)	\$			(22)	\$		
(5)	\$			(23)	\$		
(6)	\$			(24)	\$		
(7)	\$			(25)	\$		
(8)	\$			(26)	\$		
(9)	\$			(27)	\$		
(10)	\$			(28)	\$		
(11)	\$			(29)	\$		
(12)	\$			(30)	\$		
(13)	\$			(31)	\$		
(14)	\$			(32)	\$		
(15)	\$			(33)	\$		
(16)	\$			(34)	\$		
(17)	\$			(35)	\$		
(18)	\$			(36)	\$		

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1999 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" 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 any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule A" Filing. Within 60 days following the Completion Date, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Depreciation Fund (established by the Prior Ordinances); and
- (3) Series 1999 A Bond Construction Trust Fund.

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

- (1) Series 1986 A Bonds Sinking Fund (established by the Prior Ordinances);
- (2) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account (established by the Prior Ordinances);
- (3) Series 1987 A Bonds Sinking Fund (established by the Prior Ordinances);
- (4) Within the Series 1987 A Bonds Sinking Fund, the Series 1987 A Bonds Reserve Account (established by the Prior Ordinances);
- (5) Series 1987 B Bonds Sinking Fund (established by the Prior Ordinances);
- (6) Within the Series 1987 B Bonds Sinking Fund, the Series 1987 B Bonds Reserve Account (established by the Prior Ordinances);
- (7) Series 1999 A Bonds Sinking Fund; and

(8) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, the amounts required by the Prior Ordinances for payment of the interest on and principal of the Series 1986 A Bonds; (ii) remit to the Commission for deposit in the Series 1987 A Bonds Sinking Fund, the amounts required by the Prior Ordinances for payment of the interest on and principal of the Series 1987 A Bonds; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; (ii) remit to the Commission for deposit in the Series 1987 A Bonds Reserve Account, the amount required by the Prior Ordinances to be deposited therein; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, remit to the Commission for deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement;

provided that, no further payments shall be made into the Series 1999 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 A Bonds Reserve Requirement.

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

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Sinking Fund, the amounts required by the Prior Ordinances for payment of principal of the Series 1987 B Bonds.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1987 B Bonds Reserve Account, the amounts required by the Prior Ordinances to be deposited therein.

Moneys in the Series 1999 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1999 A Bonds as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1999 A Bonds, as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account (if fully funded) shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 1999 A Bond Construction Trust Fund, and following completion of

construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1999 A Bonds, and then to the next ensuing principal payment due thereon.

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

As and when additional Bonds ranking on a parity with the Series 1999 A Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund or the Series 1999 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1999 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1986 A Bonds, the Series 1987 A Bonds and Series 1999 A Bonds, in accordance with respective principal amounts then Outstanding, and thereafter, with respect to the Series 1987 B Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

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

The Series 1999 A Bonds Sinking Fund and the Series 1999 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required interest, principal and reserve payments with respect to the Series 1999 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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

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

G. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent

thereof in excess of such insured sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1999 A 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.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1999 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1999 A Bonds for the period commencing on the date of issuance of the Series 1999 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

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

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 A Bond Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 1999 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 1999 A Bonds shall be used to fund the Series 1999 A Bonds Reserve Account, if not funded upon issuance of the Series 1999 A Bonds, in an amount not to exceed the Series 1999 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 1999 A Bonds be deposited in the Series 1999 A Bonds Reserve Account.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 A Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit C, and

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

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

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

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

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

Pending such application, moneys in the Series 1999 A Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1999 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1999 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1999 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1999 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1999 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 1999 A Bonds shall be secured by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds and senior and prior to the lien on the Net Revenues in favor of the Holders of the Series 1987 B Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1999 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on September 14, 1998.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease, or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP. Additionally, so long as the Series 1999 A Bonds are outstanding and except as otherwise required by law or with the written consent

of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1999 A Bonds, be immediately remitted to Commission for deposit in the Series 1999 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1999 A Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Depreciation Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall, with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds 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 3% of such par value or to the Depreciation Fund. Such payment of such proceeds into the Sinking Funds or the Depreciation Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution

by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1999 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1999 A Bonds and the Prior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinances at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1999 A Bonds and the Prior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 1999 A Bonds and the Prior Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1999 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 A Bonds.

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

to the System or refunding the Series 1999 A Bonds or the Prior 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 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

- (1) The Bonds then Outstanding, including, without limitation, the Prior Bonds;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and
- (3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder of the Issuer prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the Recorder, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 1999 A Bonds and the Holders of any Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in

compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from the Net Revenues, without preference of any such Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

The term "Parity Bonds," as used in this section, shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1999 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or equally, as to lien on and source of and security for payment from such revenues, with the Bonds except in the manner and under the conditions provided in this section.

No additional parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation and the Prior Ordinances with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation and the Prior Ordinances, shall have been made in full as required to the date of issuance of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation and the Prior Ordinances and every ordinance supplemental thereto, or shall have fully corrected any delinquency or deficiency in such payments and compliance.

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and

correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 1999 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1999 A Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations payable from the revenues of the System outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail, upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1999 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1999 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 1999 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively in the Reserve Accounts and reserve accounts for obligations on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 1999 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year

and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate by a professional engineer, that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

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

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

to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1999 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Depreciation Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than \$1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than \$500,000 per occurrence from claims for damage to property of others which may arise from the operation of the

System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) 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 100% of the amount of any construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

The Issuer shall 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, provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage

will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Compliance with Loan Agreement and Law. The Issuer agrees to comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

Section 7.19. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1999 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1999 A Bonds during the term thereof is, under the terms of the

Series 1999 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1999 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1999 A Bonds during the term thereof is, under the terms of the Series 1999 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1999 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1999 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related. All of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1999 A Bonds or \$5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1999 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1999 A Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1999 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of

changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17CFR Part 240).

Section 7.21. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1999 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 1999 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 1999 A Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year (or more often if reasonably requested by the Issuer), a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1999 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 1999 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1999 A Bonds which would cause the Series 1999 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1999 A Bonds) so that the interest on the Series 1999 A Bonds will be and remain excludable from gross income for

federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Small Issuer Exemption from Rebate of Excess Investment Earnings to the United States. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 1999 A Bonds are private activity bonds; that 95 % or more of the Net Proceeds of the Series 1999 A 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 all the tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 1999 A Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 A Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in

preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 1999 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 1999 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1999 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1999 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners, including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1999 A Bonds shall be on a parity with those of the Holders of the Series 1986 A Bonds and Series 1987 A Bonds and senior and prior to those of the Holders of the Series 1987 B Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under

the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the 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 exercise.

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

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

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

Legislation, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1999 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 1999 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1999 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1999 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1999 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1999 A Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1999 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 1999 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1999 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1999 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall

control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in The Moorefield Examiner, a qualified newspaper published and of general circulation in the Town of Moorefield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 1999 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - February 2, 1999

Passed on Second Reading: - February 9, 1999

Passed on Final Reading
Following Public
Hearing: - March 2, 1999



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the TOWN
OF MOOREFIELD on the 2nd day of March, 1999.

Dated: March 17, 1999.

[SEAL]


Recorder

03/10/99
621500/98001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

TOWN OF MOOREFIELD

Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), OF THE TOWN OF MOOREFIELD; RATIFYING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of the Town of Moorefield (the "Issuer"), has duly and officially adopted and enacted a bond ordinance, effective March 2, 1999, (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE TOWN OF MOOREFIELD AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE TOWN OF NOT MORE THAN \$1,400,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN

AGREEMENT RELATING TO SUCH BONDS;
AUTHORIZING THE SALE AND PROVIDING FOR THE
TERMS AND PROVISIONS OF SUCH BONDS AND
ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, in the aggregate principal amount not to exceed \$1,400,000 (the "Bonds" or "Series 1999 A Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Bonds (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be ratified and approved by the Issuer, that the exact principal amount, the date, the maturity date, the interest rate, the interest and principal payment dates and the sale price 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 MOOREFIELD:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,400,000. The Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal of the Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000, and ending September 1, 2020, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Bonds.

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

Section 3. The Issuer does hereby approve and shall pay the administrative fee equal to 1% of the principal amount of the Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 4. The Issuer does hereby authorize, ratify, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 5. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance 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 the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

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

Section 7. The Issuer does hereby appoint and designate South Branch Valley National Bank, Moorefield, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 8. Series 1999 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 1999 A Bonds Sinking Fund, as capitalized interest.

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

Section 10. The balance of the proceeds of the Bonds shall be deposited in or credited to the Series 1999 A Bond Construction Trust Fund as received from time to time for payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

Section 11. The Mayor and the 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 March 17, 1999, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Series 1999 A Bonds Sinking Fund, including the Series 1999 A Bonds Reserve Account therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. 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 or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System; no part of the Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer; and the Issuer reasonably expects to issue less than \$5,000,000 aggregate principal face amount of tax-exempt obligations (other than private activity bonds) during the calendar year 1999, being the calendar year in which the Bonds are to be issued. For purposes of this Section and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 2nd day of March, 1999.

TOWN OF MOOREFIELD



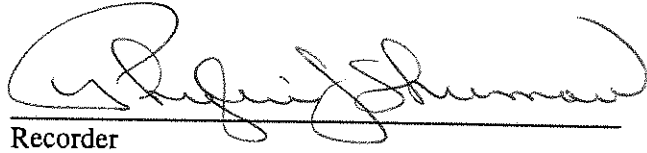
Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council
of the Town of Moorefield on the 2nd day of March, 1999.

Dated: March 17, 1999.

[SEAL]


Recorder

03/10/99
621500/98001

LOAN AGREEMENT

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

TOWN OF MOOREFIELD

(Local Government)

WITNESSETH:

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

WHEREAS, pursuant to the provisions of Chapter 20, Article 5I, of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act;

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

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

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

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

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for a Loan with attachments and exhibits and an Amended Application for a 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 the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

1.12 Additional terms and phrases are defined in this 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 Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date set forth in Exhibit E hereto.

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

Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the approval of DEP.

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions established by federal and state regulations as set forth in Exhibit E hereto at such times as are set forth in Exhibit E.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

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

or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by the net revenues from the System;

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may be sold, mortgaged, leased or otherwise disposed of as a whole or substantially as a whole provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the local bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the written consent of the Authority and DEP; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

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

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

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

(xviii) 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 Local Government 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;

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

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the West Virginia Public Service Commission, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will

not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider.

The Local Government 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by local governments in the terms and covenants of loan agreements, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have

recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP 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 and DEP shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the SRF Regulations or this Loan Agreement.

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

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

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

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

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

- (i) written notice of termination to the Local Government from either the Authority or DEP;
- (ii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

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 Moorefield

[Proper Name of Local Government]

(SEAL)

By: Larry P. Snyder
Its: Mayor

Attest:

Date: 2-9-99

[Signature]
Its Recorder

WEST VIRGINIA DIVISION OF
ENVIRONMENTAL PROTECTION

By: [Signature]
Its: Chief

Date: 2/12/99

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: [Signature]
Its: Director

Attest:

Date: February 5, 1999

[Signature]
Secretary-Treasurer

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

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

Witnesseth my signature this ____ day of ____, ____.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

1. The Bonds are being issued for the purpose of _____

(the "Project").

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

acquisition of the Project as set forth in the Application, and (vii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this _____ day of _____, 19____.

By _____

West Virginia License No. ____

[SEAL]

EXHIBIT E

SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) - The loan recipient that receives \$300,000 or more in a fiscal year must obtain audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133 or any appropriate successor. Financial statement audits are required once all funds have been received by the loan recipient.

C. The 0-percent interest rate on this loan is based upon the current rate structure producing an average rate of \$24.51 (4500 gallons) which exceeds the 1 1/2-percent MHI target rate of \$22.14 and maintains a debt service coverage above 115 percent.

EXHIBIT F

[Monthly Payment Form]

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

Re: [Name of bond issue]

Dear Sirs:

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

Sinking Fund:

Interest \$_____

Principal \$_____

Total: \$_____

Reserve Fund: \$_____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

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

Gentlemen:

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

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly enacted by the Local Government on _____ (the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. 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 Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

2. The Loan Agreement 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 Local Government without the consent of the Authority.

3. The Local Government is a duly organized and presently existing _____, with full power and authority to construct and acquire the Project and 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.

4. The Local Government has legally and effectively enacted the Local Act and all other necessary _____ in connection with the issuance and sale of the Local Bonds. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Local Bonds are valid and legally enforceable special obligations of the Local Government, payable from the net revenues of the System referred to in the Local Act and secured by a [first] 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, and have been duly issued and delivered to the Authority.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$ 1,400,000
Purchase Price of Bonds	\$ 1,400,000

Interest on the Bonds shall be zero percent from the date of delivery ~~to and including~~ ~~-----~~. Principal ~~and interest~~ on the Bonds is payable quarterly, commencing Dec. 1, 2000, at a rate of 0 % per annum. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 as set forth on Schedule Y attached hereto and incorporated herein by reference. As of the date of this Loan Agreement, it is the Authority's and DEP's understanding that the Local Government has [other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds] ~~or {provide list of outstanding debt}~~. (See attached schedule) *

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

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

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

*Water Development Authority - Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, issued in the original principal amount of \$245,569.

Water Development Authority - Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original principal amount of \$156,720.

SCHEDULE Y

Town of Moorefield, West Virginia

SRF Loan c-544158

\$1,400,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	17,500.00	-	17,500.00
3/01/2001	17,500.00	-	17,500.00
6/01/2001	17,500.00	-	17,500.00
9/01/2001	17,500.00	-	17,500.00
12/01/2001	17,500.00	-	17,500.00
3/01/2002	17,500.00	-	17,500.00
6/01/2002	17,500.00	-	17,500.00
9/01/2002	17,500.00	-	17,500.00
12/01/2002	17,500.00	-	17,500.00
3/01/2003	17,500.00	-	17,500.00
6/01/2003	17,500.00	-	17,500.00
9/01/2003	17,500.00	-	17,500.00
12/01/2003	17,500.00	-	17,500.00
3/01/2004	17,500.00	-	17,500.00
6/01/2004	17,500.00	-	17,500.00
9/01/2004	17,500.00	-	17,500.00
12/01/2004	17,500.00	-	17,500.00
3/01/2005	17,500.00	-	17,500.00
6/01/2005	17,500.00	-	17,500.00
9/01/2005	17,500.00	-	17,500.00
12/01/2005	17,500.00	-	17,500.00
3/01/2006	17,500.00	-	17,500.00
6/01/2006	17,500.00	-	17,500.00
9/01/2006	17,500.00	-	17,500.00
12/01/2006	17,500.00	-	17,500.00
3/01/2007	17,500.00	-	17,500.00
6/01/2007	17,500.00	-	17,500.00
9/01/2007	17,500.00	-	17,500.00
12/01/2007	17,500.00	-	17,500.00
3/01/2008	17,500.00	-	17,500.00
6/01/2008	17,500.00	-	17,500.00
9/01/2008	17,500.00	-	17,500.00
12/01/2008	17,500.00	-	17,500.00
3/01/2009	17,500.00	-	17,500.00
6/01/2009	17,500.00	-	17,500.00
9/01/2009	17,500.00	-	17,500.00
12/01/2009	17,500.00	-	17,500.00
3/01/2010	17,500.00	-	17,500.00
6/01/2010	17,500.00	-	17,500.00
9/01/2010	17,500.00	-	17,500.00
12/01/2010	17,500.00	-	17,500.00

Town of Moorefield, West Virginia

SRF Loan c-544158

\$1,400,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	17,500.00	-	17,500.00
6/01/2011	17,500.00	-	17,500.00
9/01/2011	17,500.00	-	17,500.00
12/01/2011	17,500.00	-	17,500.00
3/01/2012	17,500.00	-	17,500.00
6/01/2012	17,500.00	-	17,500.00
9/01/2012	17,500.00	-	17,500.00
12/01/2012	17,500.00	-	17,500.00
3/01/2013	17,500.00	-	17,500.00
6/01/2013	17,500.00	-	17,500.00
9/01/2013	17,500.00	-	17,500.00
12/01/2013	17,500.00	-	17,500.00
3/01/2014	17,500.00	-	17,500.00
6/01/2014	17,500.00	-	17,500.00
9/01/2014	17,500.00	-	17,500.00
12/01/2014	17,500.00	-	17,500.00
3/01/2015	17,500.00	-	17,500.00
6/01/2015	17,500.00	-	17,500.00
9/01/2015	17,500.00	-	17,500.00
12/01/2015	17,500.00	-	17,500.00
3/01/2016	17,500.00	-	17,500.00
6/01/2016	17,500.00	-	17,500.00
9/01/2016	17,500.00	-	17,500.00
12/01/2016	17,500.00	-	17,500.00
3/01/2017	17,500.00	-	17,500.00
6/01/2017	17,500.00	-	17,500.00
9/01/2017	17,500.00	-	17,500.00
12/01/2017	17,500.00	-	17,500.00
3/01/2018	17,500.00	-	17,500.00
6/01/2018	17,500.00	-	17,500.00
9/01/2018	17,500.00	-	17,500.00
12/01/2018	17,500.00	-	17,500.00
3/01/2019	17,500.00	-	17,500.00
6/01/2019	17,500.00	-	17,500.00
9/01/2019	17,500.00	-	17,500.00
12/01/2019	17,500.00	-	17,500.00
3/01/2020	17,500.00	-	17,500.00
6/01/2020	17,500.00	-	17,500.00
9/01/2020	17,500.00	-	17,500.00
Total	1,400,000.00	-	1,400,000.00 *

*Plus \$1,771.88 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$141,750.40.

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SEWER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$1,400,000

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia in Hardy County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FOUR HUNDRED THOUSAND DOLLARS (\$1,400,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP, dated February 5, 1999.

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

Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on March 2, 1999, and a Supplemental Resolution duly adopted by the Issuer on March 2, 1999 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, DATED JANUARY 10, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$245,569 (THE "SERIES 1986 A BONDS"), AND (2) SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$156,720 (THE "SERIES 1987 BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987, DATED NOVEMBER 20, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$38,440 (THE "SERIES 1987 B BONDS").

THE SERIES 1986 A BONDS, THE SERIES 1987 A BONDS AND THE SERIES 1987 B BONDS ARE HEREINAFTER COLLECTIVELY CALLED THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds and senior and prior to the pledge of Net Revenues in favor of the Holders of the Series 1987 B Bonds, and from moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1999 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and

which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 1999 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD 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 March 17, 1999.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1999 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 17, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

<u>AMOUNT</u>		<u>DATE</u>	<u>AMOUNT</u>		<u>DATE</u>
(1)	\$70,000	3/17/99	(19)	\$	
(2)	\$		(20)	\$	
(3)	\$		(21)	\$	
(4)	\$		(22)	\$	
(5)	\$		(23)	\$	
(6)	\$		(24)	\$	
(7)	\$		(25)	\$	
(8)	\$		(26)	\$	
(9)	\$		(27)	\$	
(10)	\$		(28)	\$	
(11)	\$		(29)	\$	
(12)	\$		(30)	\$	
(13)	\$		(31)	\$	
(14)	\$		(32)	\$	
(15)	\$		(33)	\$	
(16)	\$		(34)	\$	
(17)	\$		(35)	\$	
(18)	\$		(36)	\$	

TOTAL \$ _____

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Town of Moorefield, West Virginia

SRF Loan c-544158

\$1,400,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	17,500.00	-	17,500.00
3/01/2001	17,500.00	-	17,500.00
6/01/2001	17,500.00	-	17,500.00
9/01/2001	17,500.00	-	17,500.00
12/01/2001	17,500.00	-	17,500.00
3/01/2002	17,500.00	-	17,500.00
6/01/2002	17,500.00	-	17,500.00
9/01/2002	17,500.00	-	17,500.00
12/01/2002	17,500.00	-	17,500.00
3/01/2003	17,500.00	-	17,500.00
6/01/2003	17,500.00	-	17,500.00
9/01/2003	17,500.00	-	17,500.00
12/01/2003	17,500.00	-	17,500.00
3/01/2004	17,500.00	-	17,500.00
6/01/2004	17,500.00	-	17,500.00
9/01/2004	17,500.00	-	17,500.00
12/01/2004	17,500.00	-	17,500.00
3/01/2005	17,500.00	-	17,500.00
6/01/2005	17,500.00	-	17,500.00
9/01/2005	17,500.00	-	17,500.00
12/01/2005	17,500.00	-	17,500.00
3/01/2006	17,500.00	-	17,500.00
6/01/2006	17,500.00	-	17,500.00
9/01/2006	17,500.00	-	17,500.00
12/01/2006	17,500.00	-	17,500.00
3/01/2007	17,500.00	-	17,500.00
6/01/2007	17,500.00	-	17,500.00
9/01/2007	17,500.00	-	17,500.00
12/01/2007	17,500.00	-	17,500.00
3/01/2008	17,500.00	-	17,500.00
6/01/2008	17,500.00	-	17,500.00
9/01/2008	17,500.00	-	17,500.00
12/01/2008	17,500.00	-	17,500.00
3/01/2009	17,500.00	-	17,500.00
6/01/2009	17,500.00	-	17,500.00
9/01/2009	17,500.00	-	17,500.00
12/01/2009	17,500.00	-	17,500.00
3/01/2010	17,500.00	-	17,500.00
6/01/2010	17,500.00	-	17,500.00
9/01/2010	17,500.00	-	17,500.00
12/01/2010	17,500.00	-	17,500.00

Town of Moorefield, West Virginia

SRF Loan c-544158

\$1,400,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	17,500.00	-	17,500.00
6/01/2011	17,500.00	-	17,500.00
9/01/2011	17,500.00	-	17,500.00
12/01/2011	17,500.00	-	17,500.00
3/01/2012	17,500.00	-	17,500.00
6/01/2012	17,500.00	-	17,500.00
9/01/2012	17,500.00	-	17,500.00
12/01/2012	17,500.00	-	17,500.00
3/01/2013	17,500.00	-	17,500.00
6/01/2013	17,500.00	-	17,500.00
9/01/2013	17,500.00	-	17,500.00
12/01/2013	17,500.00	-	17,500.00
3/01/2014	17,500.00	-	17,500.00
6/01/2014	17,500.00	-	17,500.00
9/01/2014	17,500.00	-	17,500.00
12/01/2014	17,500.00	-	17,500.00
3/01/2015	17,500.00	-	17,500.00
6/01/2015	17,500.00	-	17,500.00
9/01/2015	17,500.00	-	17,500.00
12/01/2015	17,500.00	-	17,500.00
3/01/2016	17,500.00	-	17,500.00
6/01/2016	17,500.00	-	17,500.00
9/01/2016	17,500.00	-	17,500.00
12/01/2016	17,500.00	-	17,500.00
3/01/2017	17,500.00	-	17,500.00
6/01/2017	17,500.00	-	17,500.00
9/01/2017	17,500.00	-	17,500.00
12/01/2017	17,500.00	-	17,500.00
3/01/2018	17,500.00	-	17,500.00
6/01/2018	17,500.00	-	17,500.00
9/01/2018	17,500.00	-	17,500.00
12/01/2018	17,500.00	-	17,500.00
3/01/2019	17,500.00	-	17,500.00
6/01/2019	17,500.00	-	17,500.00
9/01/2019	17,500.00	-	17,500.00
12/01/2019	17,500.00	-	17,500.00
3/01/2020	17,500.00	-	17,500.00
6/01/2020	17,500.00	-	17,500.00
9/01/2020	17,500.00	-	17,500.00
Total	1,400,000.00	-	1,400,000.00 *

*Plus \$1,771.88 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$141,750.40.

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26302-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1816
MORGANTOWN, W. VA. 26507-1816
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6961
FACSIMILE (304) 262-3541

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

March 17, 1999

Town of Moorefield
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

RILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 180
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 628
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8824
(304) 368-8000
FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

Town of Moorefield
Moorefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Town of Moorefield (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$1,400,000 Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement for the Bonds, dated February 5, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000, and ending September 1, 2020, all as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on March 2, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 2, 1999 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation 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, under existing law, as follows:

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bonds, all under the Act 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 the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's outstanding (a) Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, issued in the original aggregate principal amount of \$245,569, and (b) Subordinate Sewerage System Revenue Bonds, Series 1987 A, dated November 20, 1987, issued in the original aggregate principal amount of \$156,720, and senior and prior to the Issuer's outstanding Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of \$38,440 (collectively, the "Prior Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation.

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision or agency thereof, and the interest, if any, on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by 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.

We have examined the executed and authenticated 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,



STEPTOE & JOHNSON

03/10/99

621500/98001

WALTERS, KRAUSKOPF & ROTH
ATTORNEYS AT LAW
204 N. ELM STREET
P. O. BOX 119
MOOREFIELD, WEST VIRGINIA 26836

JACK H. WALTERS
HOWARD E. KRAUSKOPF
JEFFREY R. ROTH

TEL: (304) 538-6618
FAX: (304) 538-2336

March 17, 1999

Town of Moorefield
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

Town of Moorefield
Moorefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to the Town of Moorefield in Hardy County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Bonds dated February 5, 1999, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the West Virginia Water Development Authority (the "Authority"), the West Virginia Division of Environmental Protection (the "DEP"), and the Issuer, a Bond Ordinance duly enacted by the Issuer on March 2, 1999, as supplemented by a Supplemental Resolution duly adopted by the Issuer on March 2, 1999 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

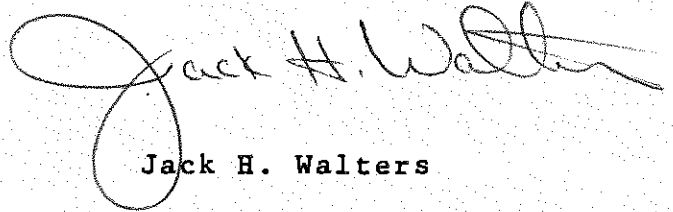
We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Recorder and members of the council of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.
2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the DEP and the Authority, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The Bond Legislation has been duly adopted and enacted 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 Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or any existing law, regulation, court order or consent decree to which the Issuer is subject.
5. The Issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Infrastructure and Jobs Development Council and 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 time for appeal of the Final Order of the Public Service Commission of West Virginia entered on November 30, 1998, in Case No. 98-0706-S-CN, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project, has expired prior to the date hereof without any appeal.
6. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, 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,

WALTERS, KRAUSKOPF & ROTH

A handwritten signature in cursive script, reading "Jack H. Walters". The signature is written in dark ink and is positioned above the printed name.

Jack H. Walters

TOWN OF MOOREFIELD

Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR AND RECORDER of the Town of Moorefield in Hardy County, West Virginia (the "Issuer"), and the undersigned Counsel to the Issuer, hereby certify in connection with the \$1,400,000 principal amount of the Town of Moorefield Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated the date hereof (the "Bonds" or the "Series 1999 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning set forth in the Bond Ordinance of the Issuer duly enacted March 2, 1999, and the Supplemental Resolution duly adopted March 2, 1999 (collectively, the "Bond Legislation").

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues and grant proceeds, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. **GOVERNMENTAL APPROVALS AND BIDDING:** All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System and the issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into among the Issuer, the DEP and the Authority. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

There are outstanding obligations of the Issuer which will rank either on parity with or junior and subordinate to the Series 1999 A Bonds as to liens, pledges, sources of and security for payment, which obligations are designated and have the lien positions, as follows:

<u>Description</u>	<u>Lien Position</u>
Sewerage System Improvement Revenue Bonds, Series A, dated January 10, 1986, issued in the original aggregate principal amount of \$245,569 (the "Series 1986 A Bonds")	First Lien
Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of \$156,720 (the "Series 1987 A Bonds")	First Lien
Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, dated November 20, 1987, issued in the original aggregate principal amount of \$38,440 (the "Series 1987 B Bonds")	Second Lien

The Series 1999 A Bonds shall be issued on parity with the Series 1986 A Bonds and Series 1987 A Bonds, and senior and prior to the Series 1987 B Bonds, with respect to liens, pledge and source of and security for payment and in all other respects. The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Series 1986 A Bonds and the Series 1987 A Bonds are met, (ii) the written consent of the Holders of the Series 1986 A Bonds and the Series 1987 A Bonds to the issuance of the Series 1999 A Bonds on a parity with the Series 1986 A Bonds and the Series 1987 A Bonds; and (iii) the written consent of the Holders of the Series 1987 B Bonds to the issuance of the Series 1999 A Bonds on a senior and prior basis to the Series 1987 B Bonds.

Other than the Series 1986 A Bonds, the Series 1987 A Bonds and the Series 1987 B Bonds (collectively, the "Prior Bonds"), there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

Loan Agreement

Public Service Commission Order

Infrastructure and Jobs Development Council Approval

Charter

Oaths of Office of Officers and Councilmembers

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

Affidavit of Publication of Sewer Rate Ordinance and Notice of Public Hearing

Minutes on Adoption and Enactment of Sewer Rate Ordinance

Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing

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

1986 Ordinance and Supplemental Resolution

1987 Ordinance and Supplemental Resolution

Consent of Prior Bondholders to Issuance of Parity Bonds

NPDES Permit

6. **INCUMBENCY AND OFFICIAL NAME:** The proper corporate title of the Issuer is "Town of Moorefield." The Issuer is a municipal corporation in Hardy County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor, a Recorder and 5 councilmembers, all duly elected or appointed, as applicable, qualified and

acting, and whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>		<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Larry Snyder	- Mayor	July 1, 1997	June 30, 2001
Phyllis Sherman	- Recorder	July 1, 1995	June 30, 1999
Robert Wilson	- Council member	July 1, 1997	June 30, 2001
Lou Anna Harman	- Council member	July 1, 1997	June 30, 2001
Carlton Hilliard	- Council member	July 1, 1995	June 30, 1999
Larry Kuykendall	- Council member	July 1, 1995	June 30, 1999
Robert Fertig, Sr.	- Councilmember	July 1, 1995	June 30, 1999

The names of the duly appointed, qualified and acting members of the Sanitary Board of the Issuer are as follows:

Chairman	-	Larry Snyder
Member	-	Mortimer Gamble, Jr.
Member	-	Mark Geary, P.E.

The duly appointed and acting Counsel to the Issuer is Walters, Krauskopf & Roth of Moorefield, West Virginia.

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

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

the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. **CONTRACTORS' INSURANCE, ETC.:** All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. All insurance for the System required by the Bond Legislation is in full force and effect.

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

11. **RATES:** The Issuer has duly enacted a sewer rate ordinance on September 14, 1998, setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently in effect.

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

13. **BOND PROCEEDS:** On the date hereof, the Issuer received \$70,000 from the Authority and the DEP, being a portion of the principal amount of the Bonds and more than a de minimis amount of the proceeds of the Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. **PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE:** Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each

publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in The Moorefield Examiner, a newspaper published and of general circulation in the Town of Moorefield, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 2nd day of March, 1999, at 7:00 p.m., at the Moorefield Town Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on November 30, 1998, in Case No. 98-0706-S-CN, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

16. SPECIMEN BOND: Delivered concurrently herewith is a true and accurate specimen of the Bond.

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

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

19. YEAR 2000 COMPLIANCE: The Issuer represents that it has undertaken or will undertake an investigation to determine whether the operations of the System, including but not limited to any billing, collection and inventory computer programs of the System and any electronic or mechanical components of the System are Year 2000 Compliant. The Issuer further represents that if it determines as a result of this investigation that any Mission-Critical Component of the System is not Year 2000 Compliant, the Issuer (i) will take timely and affirmative action to repair or replace any such component, and (ii) will perform adequate testing to ensure the sound operation and Year 2000 Compliant status of the repaired or replaced component. For purposes of this paragraph, "Year 2000

Compliant" means, with respect to the information technology the Issuer uses or will use in the operation of the System (including any date-sensitive microprocessors embedded in electronic or mechanical components of the System), the information technology is designed to be used prior to, during and after calendar Year 2000 A.D., and the information technology used during each such time period will accurately receive, provide and process date-time data (including, but not limited to, calculating, comparing and sequencing) from, into and between the twentieth and twenty-first centuries, including the years 1999 and 2000, and leap-year calculations, and will not malfunction, cease to function, or provide invalid or incorrect results as a result of date-time data. For purposes of this paragraph, "Mission-Critical Component" means any component of the System that would be critical to (a) the System's continued operation after January 1, 2000; (b) the Issuer's ability to continue to bill its customers and collect amounts billed from those customers after January 1, 2000; or (c) the Issuer's ability to make all principal and interest payments for the Bonds as and when they become due.

WITNESS our signatures and the official seal of the TOWN OF MOOREFIELD
on this 17th day of March, 1999.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Larry P. Snyder

Mayor

Roger J. Shuman

Recorder

Counsel to Issuer

03/10/99
621500/98001

WITNESS our signatures and the official seal of the TOWN OF MOOREFIELD
on this 17th day of March, 1999.

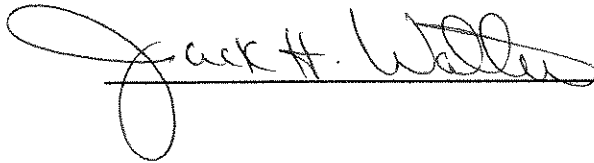
[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Mayor

Recorder

_____

Counsel to Issuer

02/08/99
621500/98001

TOWN OF MOOREFIELD

Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, William Pallavicini, Registered Professional Engineer, West Virginia License No. 8519, of Petersburg, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing public sewerage system (the "System") of the Town of Moorefield (the "Issuer"), to be constructed primarily in Hardy County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on March 2, 1999, as supplemented by the Supplemental Resolution adopted by the Issuer on March 2, 1999, and the Loan Agreement, by and among the Issuer, the West Virginia Division of Environmental Protection (the "DEP"), and the West Virginia Water Development Authority (the "Authority"), dated February 5, 1999.

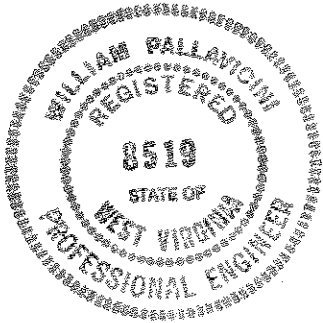
2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

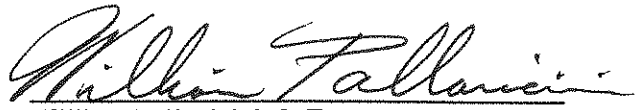
3. The undersigned hereby certifies to the best of my knowledge, information and belief that (i) the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and as described in the application submitted to the DEP and the Authority, requesting the Authority to purchase the Bonds, or amendments thereto (the "Application") and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project is adequate for the purpose for which it was designed and has a useful life of at least 25 years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing described in the Application and my firm has ascertained that all contractors have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified by my firm for accuracy; (iv) the chosen bidder received any and all addenda to the original bid documents; (v) the bid documents reflect the Project as approved by the DEP; (vi) the chosen bid includes every construction item

necessary to complete the Project, or explains any deviation thereof; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) the rates and charges for the System as adopted by the Issuer are sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project as set forth in the Application; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal on this 17th day of March, 1999.

(SEAL)




William Pallavicini, P.E.
West Virginia License No. 8519

02/08/99
621500/98001

SCHEDULE ANAME OF GOVERNMENTAL AGENCY: Town of Moorefield

ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project

1.	Construction	\$	<u>1,070,000</u>	
2.	Technical Services	\$	<u>153,065</u>	
3.	Legal and Fiscal	\$	<u>30,000</u>	
4.	Administrative	\$	<u>25,000</u>	
* 5.	Site and Other Lands	\$	<u>00</u>	
** 6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$	<u>00</u>	
7.	Interim Financing Costs	\$	<u>00</u>	
8.	Contingency	\$	<u>109,935</u>	
9.	Total of Lines 1 Through 8			\$ <u>1,388,000</u>

B. Sources of Funds

10.	Federal Grants: ¹	\$	_____	
	(Specify Sources)	\$	_____	
11.	State Grants: ¹	\$	_____	
	(Specify Sources)	\$	_____	
12.	Other Grants: ¹	\$	_____	
	(Specify Sources)	\$	_____	
13.	Any Other Source ²	\$	_____	
	(Specify)	\$	_____	
14.	Total of Lines 10 Through 13			\$ <u>00</u>
15.	Net Proceeds Required from Bond Issue (Line 9 minus Line 14)			\$ <u>1,388,000</u>

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	\$	<u>00</u>	
17.	Funded Reserve Account: ³	\$	<u>00</u>	
18.	Other Costs: ⁴	\$	<u>12,000</u>	
	Bond Counsel	\$	_____	
19.	Total Cost of Financing (lines 16 - 18)	\$	<u>12,000</u>	
20.	Size of Bond Issue (Line 15 plus Line 19)			\$ <u>1,400,000</u>

* not allowable for State Revolving Fund Assistance

** WDA loans are not allowable

Larry P. Snyder
Signature of ApplicantWilliam Pallancini
Signature of Consulting EngineerDate 1-25-99Date 1-25-99

GOHDES & THOMAS

Certified Public Accountants

401 Maple Avenue - P.O. Box 655

MOOREFIELD, W. VA. 26836

(304) 538-2035

(304) 538-7367 (Fax)

Lucille S. Gohdes, CPA
Rosalie E. Thomas, CPA

March 17, 1999

**Town of Moorefield
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)**

Town of Moorefield
Moorefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of Environmental Protection
Charleston, West Virginia

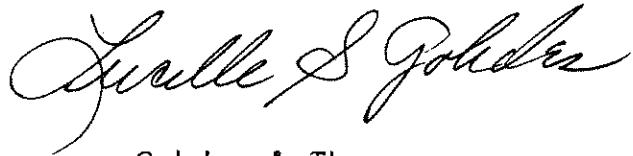
Ladies and Gentlemen:

Based upon the rates and charges as set forth in the sewer rate ordinance of the Town of Moorefield (the "Issuer") enacted September 14, 1998, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by William Pallavicini, P.E., it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by or payable from the revenues of the System, on a parity with or junior to such Bonds, including the Issuer's Sewerage System Improvement Revenue Bonds, Series A, Subordinate Sewerage System Revenue Bonds, Series 1987, and Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (collectively, the "Prior Bonds"). It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the three

Town of Moorefield, et al.
Page 2

succeeding years after the completion of the improvements to be financed by the Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

A handwritten signature in cursive script, reading "Lucille S. Gohdes". The signature is written in dark ink and is positioned above the printed name "Gohdes & Thomas".

Gohdes & Thomas

WV MUNICIPAL BOND COMMISSION
812 Quarrier Street
Suite 300
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: March 17, 1999

(See Reverse for Instructions)

ISSUE: Town of Moorefield, Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program)

ADDRESS: 206 Winchester Avenue, Moorefield, WV 26836

COUNTY: Hardy

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: _____

ISSUE DATE: March 17, 1999

CLOSING DATE: March 17, 1999

ISSUE AMOUNT: \$1,400,000

RATE: 0%; Administrative Fee: 1%

1ST DEBT SERVICE DUE: 12/1/2000

1ST PRINCIPAL DUE: 12/1/2000

1ST DEBT SERVICE AMOUNT: \$17,500

PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Step toe & Johnson

Contact Person: Vincent A. Collins, Esq.

Phone: 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly

Contact Person: Samme L. Gee, Esq.

Phone: 340-1318

CLOSING BANK: South Branch Valley National Bank

Contact Person: Russell Ratliff, Jr.

Phone: 538-2353

ESCROW TRUSTEE: _____

Contact Person: _____

Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Phyllis Sherman

Position: Recorder

Phone: 538-6142

OTHER: WV Division of Environmental Protection

Contact Person: Rosalie Brodersen

Function: Branch Chief

Phone: 558-0637

DEPOSITS TO MBC AT CLOSE:

By: _____ Wire
_____ Check

Accrued Interest: \$ _____

Capitalized Interest: \$ _____

Reserve Account: \$ _____

Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE

By: _____ Wire
_____ Check
_____ IGT

To Escrow Trustee: \$ _____

To Issuer: \$ _____

To Cons. Invest. Fund: \$ _____

To Other: \$ _____

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS REQUIRED: _____

TRANSFERS REQUIRED: _____

TOWN OF MOOREFIELD

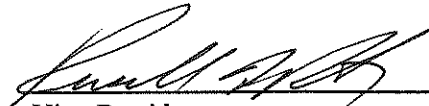
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

South Branch Valley National Bank, Moorefield, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of the Town of Moorefield (the "Issuer") enacted by the Issuer on March 2, 1999, and a Supplemental Resolution adopted by the Issuer on March 2, 1999 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated March 17, 1999, in the aggregate principal amount of \$1,400,000 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 17th day of March, 1999.

SOUTH BRANCH VALLEY
NATIONAL BANK



Vice President

02/24/99
621500/98001

TOWN OF MOOREFIELD

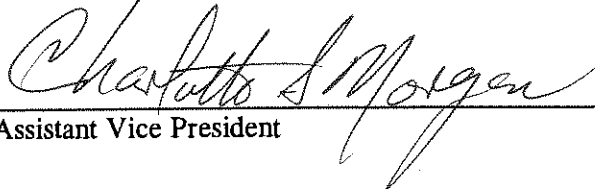
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Town of Moorefield Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated March 17, 1999, in the aggregate principal amount of \$1,400,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 17th day of March, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

02/08/99
621500/98001

TOWN OF MOOREFIELD

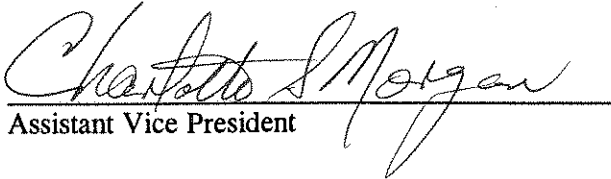
Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

ONE VALLEY BANK, NATIONAL ASSOCIATION, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of the Town of Moorefield (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bond, Series 1999 A (West Virginia SRF Program), of the Issuer, dated March 17, 1999, in the principal amount of \$1,400,000 numbered AR-I, was registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of One Valley Bank, National Association, as Registrar.

WITNESS my signature on this 17th day of March, 1999.

ONE VALLEY BANK, NATIONAL
ASSOCIATION


Assistant Vice President

02/08/99
621500/98001

TOWN OF MOOREFIELD

Sewer Revenue Bonds, Series 1999 A
(West Virginia SRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 17th day of March, 1999, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,400,000 principal amount of Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted March 2, 1999, and a Supplemental Resolution of the Issuer duly adopted March 2, 1999 (collectively, the "Bond Legislation");

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 Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation 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 Bond Legislation, such

duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the 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 purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation 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 Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

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

ISSUER:	Town of Moorefield
	206 Winchester Avenue
	Moorefield, West Virginia 26836
	Attention: Mayor

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

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

IN WITNESS WHEREOF, the parties hereto 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 MOOREFIELD



Mayor

ONE VALLEY BANK, NATIONAL
ASSOCIATION

Assistant Vice President

02/08/99
621500/98001

REGISTRAR: One Valley Bank, National Association
Post Office Box 1793
One Valley Square
Charleston, West Virginia 25326
Attention: Corporate Trust Department

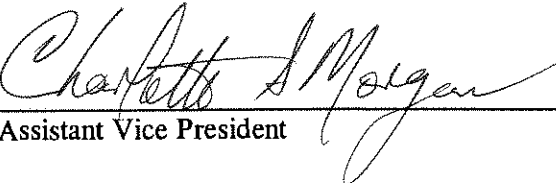
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IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

TOWN OF MOOREFIELD

Mayor

ONE VALLEY BANK, NATIONAL
ASSOCIATION



Assistant Vice President

02/08/99
621500/98001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

Invoice

ONE VALLEY
BANK

TOWN OF MOOREFIELD
ATTN: PHYLLIS SHERMAN, RECORDER
206 WINCHESTER AVENUE
MOOREFIELD WV 26836

DATE MARCH 17, 1999

UNITS	ITEM DESCRIPTION	TOTAL
	TOWN OF MOOREFIELD SEWER REVENUE BONDS, SERIES 1999 A (WV SRF PROGRAM)	
	ONE TIME FEE FOR SERVICES AS REGISTRAR AND AUTHENTICATING AGENT.....	\$250.00

SEND REMITTANCE TO: One Valley Bank
One Financial Place - 6th Floor
One Valley Square
P.O. Box 1793
Charleston, WV 25326
ATTN: CHARLOTTE S MORGAN

New

TOWN OF MOOREFIELD, WEST VIRGINIA

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, AND UP TO \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983, OF TOWN OF MOOREFIELD TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO A SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; AUTHORIZING A TRUST INDENTURE SETTING FORTH THE TERMS AND PROVISIONS OF AND SECURITY FOR THE NOTES; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED BY THE COUNCIL OF TOWN OF MOOREFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS, DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is adopted pursuant to the provisions of Article 13, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law, upon the petition of the Sanitary Board of the Town of Moorefield. Town of Moorefield (the "Issuer") is a municipal corporation of the State of West Virginia.

Section 1.02. Definitions. The following terms shall have the following meanings herein unless the text otherwise expressly requires:

"Act" means Article 13, Chapter 16 of the West Virginia Code.

"Anticipated Grant Receipts" means, at any time, the amount of Grant Receipts, as hereinafter defined, as stated in a certificate of an Authorized Officer and the Consulting Engineers, expected to be received after the date of such certificate and prior to the 60th day next preceding the scheduled maturity date of the Notes originally issued under the Indenture.

"Authority" means the West Virginia Water Development Authority.

"Authorized Officer" means the Mayor or any acting mayor duly appointed by the Council.

"Bonds" means the Original Bonds, as hereinafter defined, and any additional bonds issued on a parity therewith pursuant to this Ordinance.

"1963 Bonds" means the Town of Moorefield, West Virginia Revenue Bonds, dated June 1, 1963, and issued in the original principal amount of \$145,000.

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

"Bondholder" or "Holder of the Bonds" or any similar term means West Virginia Water Development Authority or any other owner of the Bonds.

"Consulting Engineer" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Council" means the Council of the Issuer.

"Eligible Costs" means Project costs that are eligible for reimbursement by the EPA.

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

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

"EPA Retainage" means ten percent (10%) of the Eligible Costs, or such lesser amount of the Eligible Costs, as may be withheld from time to time by the EPA pending satisfactory completion of the EPA audit, which amount shall be certified by the Consulting Engineers to the Trustee and the Issuer sixty (60) days prior to the scheduled maturity of the Notes originally issued under the Indenture.

"EPA Retainage Deficiency" means the amount of any deficiency in the Note Repayment Account, as hereinafter defined, attributable to the EPA's withholding the EPA Retainage, which amount may be less than or equal to the EPA Retainage Deficiency.

"Facilities" or "sewerage facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the sewerage system by addition, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time construction or acquired.

"Fiscal Year" means each year beginning on July 1 and ending on the succeeding June 30.

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

"Grant Agreement" means a written commitment for the payment of a Grant, as hereinafter defined specifying the amount, terms and conditions and dates or events of payment relating to such Grant; provided, the "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "HUD Grant Agreement" means only the Grant Agreement relating to the HUD Grant, as hereinafter defined.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided, that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant and "HUD Grant Receipts" means only Grant Receipts on account of the HUD Grant, as hereinafter defined.

"Grants" means, collectively, the EPA Grant and the HUD Grant, as hereinafter defined, together with any other grant hereafter received by the Issuer in aid of financing any costs of the Project.

"Herein" means in this Ordinance.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Grant" means the grant from HUD pursuant to the commitment therefor.

"Issuer" or "Town" means Town of Moorefield, a municipal corporation of the State of West Virginia and includes the Council of the Issuer and any commission, board or department established by the Issuer to operate and maintain the System.

"Letter of Credit" means the letter of credit, pursuant to which the Letter of Credit Bank shall agree to pay to the Trustee upon delivery of the Refunding Notes, as hereinafter defined, and certain certifications by the Trustee, a certain sum to be established by supplemental resolution hereto.

"Letter of Credit Bank" means that bank, to be designated by supplemental resolution hereto, which shall be the issuer of the Letter of Credit, or any other issuer of the Letter of Credit.

"Local Share" means a certain dollar amount to be established by a resolution supplemental hereto.

"Mayor" means the Mayor of the Issuer.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Noteholder" or "Holder of the Notes" means any person who shall be the registered owner of any outstanding Note.

"Note Repayment Account" means the Sewerage System Construction Note Repayment Account established by Section 402 of the Indenture.

"Notes" means the up to \$3,000,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1983, originally authorized hereby, and any refunding notes of the Issuer.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities (excluding depreciation), and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital.

"Ordinance" means this Ordinance and all resolutions supplemental hereto.

"1963 Ordinance" means the ordinance enacted by the Council of the Issuer on June 29, 1963, authorizing the 1963 Bonds.

"Original Bonds" without any other designation means the Town of Moorefield Sewerage System Improvement Revenue Bonds, Series A, authorized hereby to be issued in an aggregate principal amount of up to \$500,000.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds or Notes theretofore and thereupon being authenticated and delivered except (1) any Bonds or Notes cancelled by the State Treasurer, or the Trustee, as the case may be, at or prior to said date; (2) any Bonds or Notes for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be in trust under this Ordinance or the Indenture, as the case may be, and set aside for such payment (whether upon or prior to maturity); (3) any Bonds or Notes deemed to have been paid pursuant to Article X hereof; and (4) for purposes of consents or other actions by a specified percentage of Noteholders, any Notes held by the Issuer.

"Paying Agents," as used in the context of the Notes means the Trustee and any other paying agent designated pursuant to the Indenture, and, as used in the context of the Bonds, means such paying agents selected by the Issuer and established by supplemental resolution hereto.

"Project" shall have the meaning stated in Section 1.03 (B) below.

"Project Construction Fund" means that fund created pursuant to Section 403 of the Indenture.

"Purchaser" means West Virginia Water Development Authority or any other purchaser of the Bonds.

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

- (a) Government Obligations;
- (b) Bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies: Banks for Cooperatives; Federal Intermediate Credit Banks; Federal Home Loan Bank System; Federal Farm Credit Bank; Export-Import Bank of the United States; Federal Land Banks; Government National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;
- (c) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;
- (d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts; and
- (e) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements.

"Recorder" means the Recorder of the Issuer.

"Refunding Notes" means those notes which are issued as provided in Section 306 of the Indenture to pay the principal of the Series 1983 Notes that would otherwise have been paid from the proceeds of the Original Bonds or which shall be issued for the purpose of paying the EPA Retainage Deficiency, or both, to be issued by the Issuer and delivered to the Letter of Credit Bank as a condition precedent to, and as evidence of, a draw by the Trustee under the Letter of Credit.

"Revenue Fund" means that certain fund created pursuant to the 1963 Ordinance and continued pursuant to Section 401 hereof.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with generally accepted accounting principles.

"Surplus Revenues" means the Net Revenues not required by the 1963 Ordinance to be set aside, and held for the payment or security of 1963 Bonds.

"System" means the Project and all improvements and extensions thereto, and includes the complete sewerage system of the Issuer and all waste water treatment facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the sewerage system after completion of the Project.

"Trust Indenture" or "Indenture" means the Trust Indenture dated as of July 1, 1983, between the Issuer and the Trustee securing the Notes, the form of which is attached hereto as Exhibit I.

"Trustee" means such trustee as shall be named by the Council in a resolution supplemental hereto, and any successor trustee hereunder.

"Underwriters" means Young Moore & Company, Inc., their successors and assigns.

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

Section 1.03. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The Issuer now owns a public sewerage system, but the sewerage system is inadequate and the inhabitants of the Issuer and adjacent areas and customers of the sewerage system urgently need additional and improved sewerage facilities as herein provided.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be constructed additions, extensions and improvements to the sewerage system of the Issuer, with all necessary appurtenant facilities (collectively called the "Project"), which shall consist of the construction of a new secondary treatment plant, the improvement of two existing pump stations, the construction of three new pump stations and the

installation of new collection lines, and which is more particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder of the of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its Original Bonds in the aggregate principal amount of up to \$500,000 to finance permanently a portion of the cost of such construction and improvement in the manner hereinafter provided and, prior to delivery of the Bonds and prior to receipt of the Grant Receipts, it is necessary for the Issuer to issue its Sewerage System Construction Notes, Series 1983, in the aggregate principal amount of up to \$3,000,000 to finance costs of acquisition and construction of the Project. It is also necessary for the Issuer to enter into the Trust Indenture substantially in the form of Exhibit A attached hereto, and the Mayor and the Recorder shall execute, acknowledge and deliver the Trust Indenture in substantially such form.

(D) The estimated maximum cost of the construction of the Project is \$2,110,902, which will be paid from the net proceeds of the Notes, pending the receipt by the Issuer of the proceeds of sale of the Bonds, a HUD Grant of \$750,000 from the United States Department of Housing and Urban Development, Small Cities Block Grant Program, and the EPA Grant of up to \$1,634,700 from the United States Environmental Protection Agency. The Issuer has entered into an agreement with the West Virginia Department of Finance and Administration, acting on behalf of the Governor's Office of Economic and Community Development, whereby the State of West Virginia obligated to the Issuer the funds available to it under HUD's Small Cities Block Grant Program. The Issuer has entered into a Step III grant agreement with the EPA, pursuant to which the EPA will reimburse the Issuer for approximately seventy-five percent (75%) of the cost of the Project, as discussed in Section 404 of the Indenture, incurred by the Issuer and eligible for reimbursement by the EPA ("Eligible Costs").

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

(F) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction and acquisition of the Project and operation of the System as improved by the Project and issuance of the Original Bonds, or will have so complied prior to issuance of the Original Bonds.

Section 1.04. Ordinance to Constitute Contract. In consideration of the acceptance of the Bonds by the Purchaser and of the Notes by the Underwriters and subsequent holders thereof, this Ordinance shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser and the holders of the Bonds and the Notes, and the covenants and agreements set forth herein to be performed by the Issuer

shall be for the benefit, protection and security of the holders of the Bonds and for the holders of the Notes.

Section 1.05. Use of Sewerage Facilities Mandatory. The mandatory use of the sewerage facilities of the System is hereby determined and declared to be essential and necessary for the protection and preservation of the public health, comfort, safety, convenience, welfare and economy of the inhabitants of the Issuer and for the rendering harmless of sewage and waterborne waste matter produced or arising within the boundaries of the Issuer. Accordingly, every owner, tenant and occupant of every lot, parcel and tract of land which abuts on a street, alley or other public way in which any sewer line, main or facility is located, or which is located within 300 feet thereof and upon which lot, parcel or tract a building or other habitable structure has been or shall be erected for residential, commercial or industrial use, and from which sewage will flow by gravity to the collecting sewer line in a public way, shall connect such building or structure immediately with the sewerage facilities of the System and shall thereafter refrain from using and cease to use any other method for the disposal of sewage or water-borne waste matter and shall pay all charges, fees and rates provided herein.

Any such building or structure within said boundaries and within the corporate limits of the Issuer not so connected with the sewerage facilities of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated as promptly as possible by proceedings by the Issuer in the Circuit Court of the County of Hardy or other court of competent jurisdiction. The Issuer shall also make reasonable efforts to enforce compliance with this covenant outside its corporate limits, but gives no assurance that such shall be enforceable outside such limits.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition. There is hereby authorized the construction and acquisition of the Project, plans and specifications for which have been prepared by the Consulting Engineers, and the cost of which has been estimated to be \$2,110,902 by the Consulting Engineers, and heretofore filed with the Issuer. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in Article IV of the Indenture and Article VI hereof, respectively.

ARTICLE III

NOTES

Section 3.01. Authorization and General. In order to pay certain costs of the construction of the Project pending the delivery of the Original Bonds to the Purchaser and the receipt of the Grant

Receipts, the Sewerage System Construction Notes, Series 1983 (the "Notes"), of the Issuer shall be issued and sold in the aggregate principal amount of up to \$3,000,000.

Section 3.02. Terms of Security for Trust Indenture Notes; The Notes shall be in registered form, shall be numbered 1 upward, shall be in denomination of \$5,000 each or any integral multiple thereof, shall be negotiable (subject to such restrictions on transferability set forth by the Indenture), and shall bear interest from the date thereof. Further, the Notes shall be in the aggregate principal amount, shall be payable at the rate or rates, shall mature, and shall have such other provisions as are not set forth herein as provided in a resolution supplemental hereto (the "Supplemental Resolution") and the Indenture. The Notes shall be dated as of the date specified in the Supplemental Resolution. Principal of the notes are payable at the principal office of the Trustee, Charleston, West Virginia, or such other Paying Agent as may be designated pursuant to the Indenture, and payment of the semi-annual interest thereon shall be made by check or draft mailed to each registered owners at his address as it appears on the registration books kept by the Trustee or its designee, as the case may be, as Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Trustee.

The notes shall be secured in the manner set forth in the Trust Indenture, hereby authorized to be executed and delivered by the Issuer which Indenture shall be by and between the Issuer and the Trustee to be designated by the Supplemental Resolution, and which Indenture in substantially the form to be executed and delivered by the Issuer is attached hereto as "Exhibit A" and made a part thereof.

Section 3.03. Notes Are Special Obligations. The Notes shall be special obligations of the Issuer, the principal of and interest on which are payable solely from the sources described in Article III of the Indenture. 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 the Grant Receipts, Original Bond proceeds, Surplus Revenues and other funds pledged therefor by the Indenture.

Section 3.04. Covenants. The Issuer agrees that until payment in full of the principal and interest owing on the Notes when due, the covenants contained in Article III of the Trust Indenture shall inure to the benefit of the Noteholders.

Section 3.05. Supplemental Resolution. Following enactment hereof, and upon receipt of the Purchase Agreement from the Underwriters, the Issuer, if it be so advised, will adopt the Supplemental Resolution, which Supplemental Resolution will provide, among other things, award of the Notes, the interest rate or rates on the Notes, the interest payment dates, the maturity date and the sale price of the

Notes and such other matters as shall be required or desired in connection with issuance of the Notes.

ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 4.01. Authorization of Original Bonds. Subject and pursuant to the provisions hereof, the Original Bonds of the Issuer to be known as "Sewerage System Improvement Revenue Bonds, Series A," are hereby authorized to be issued in the aggregate principal amount of not exceeding Five Hundred Thousand Dollars (\$500,000) for the purpose refunding a portion of the Notes, paying costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, and for such other purposes as may be set forth in a resolution or ordinance supplemental hereto, adopted or passed in connection with the sale of the Original Bonds (the "Supplemental Resolution"); provided, that said Original Bonds may not be issued for any purpose other than refunding all or a portion of the Notes, and purposes incidental thereto, so long as any of the Notes are Outstanding. Such Bonds shall not be issued contemporaneously with the Notes, but shall be issued when needed to refund a portion of the Notes in accordance with the Indenture.

Section 4.02. Description of Bonds. The Original Bonds shall be issued in an aggregate principal amount of up to \$500,000, in the denomination of \$5,000 or any integral multiple thereof, shall be lettered "R" and shall be numbered separately from 1 upward, shall be fully registered and shall be dated on the date of delivery. Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond, fully registered to the Authority. The Original Bonds shall bear interest from date, payable at such intervals and at such rates of and upon such further terms, as established by the Supplemental Resolution.

Section 4.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor and its corporate seal shall be affixed thereto or a facsimile of such seal imprinted thereon and attested by the Recorder.

Section 4.04. Sale of Original Bonds. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of a loan agreement to be entered into between the Town and the Authority (the "Loan Agreement"). The Mayor of the Town is hereby authorized and directed to execute the Loan Agreement in such form as may be approved by the Supplemental Resolution, and the Recorder of the Town is directed to affix the seal of the Town, attest the same and deliver the Loan Agreement to the Authority, provided, however, that the Town may sell the Bonds to any other purchaser prior to entering into the Loan Agreement with the Authority.

Section 4.05. Transfer and Registration of Bonds. So long as the Bonds remain Outstanding, the State Treasurer, or such other person as may be designated by Supplemental Resolution, shall keep and maintain books for the registration and transfer of the Bonds. The Bonds shall be transferable only upon the books of the Issuer which shall be kept for that purpose at the office of the State Treasurer by the registered owner thereof in person or by his or her attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the State Treasurer duly executed by the registered owner or his or her duly authorized attorney. Upon transfer of the registered Bonds, there shall be issued in the name of the transferee another registered Bond or Bonds, in an aggregate principal amount equal to the unpaid principal amount of the transferred Bonds, and having principal installments or maturities corresponding to the principal installments of such registered Bonds then unpaid.

In all cases in which the privilege of transferring a Bond is exercised, the Bond shall be delivered in accordance with the provisions of this Ordinance and the Bonds transferred shall forthwith be cancelled by the State Treasurer. For every such exchange or transfer of the Bonds, the State Treasurer may make a charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of said State Treasurer incurred in connection therewith, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such transfer. The State Treasurer shall not be obliged to make any such exchange or transfer of the Bonds during the ten (10) days preceding an interest payment date on the Bonds or, in the case of any proposed redemption of the Bonds, next preceding the date of the selection of the Bonds to be redeemed.

Section 4.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and if such Bond be destroyed, stolen or lost, without surrender therefor.

Any such duplicate Bond, issued pursuant to this Section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bond be at any time found by any one, and such Bond believed to have been, or which had been, lost, stolen or destroyed shall be cancelled. Such duplicate Bond shall be entitled to equal and proportionate benefits and rights as the Bond as originally issued.

Section 4.07. Bonds Secured by Pledge of Revenues. The payment of the debt service of the Bonds shall be secured from their date of issuance by a lien on the Net Revenues derived from the System. This lien on the Net Revenues derived from the System shall be subordinate to the first lien thereon in favor of the 1963 Bonds while such bonds remain outstanding. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bonds, and to make the payments as hereinafter provided, in addition to making all payments on account of the 1963 Bonds, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due. Notwithstanding any other provision hereof to the contrary, the lien on the Net Revenues on behalf of the Original Bonds may be subordinate to that created by the Indenture on behalf of the Notes originally issued thereunder.

Section 4.08. Form of Original Bonds. Subject to the provisions hereof, the text of the Original Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby, the Supplemental Resolution or any ordinance or resolution passed or adopted after the date of enactment hereof and prior to the issuance thereof:

[Form of Original Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
TOWN OF MOOREFIELD
SEWERAGE IMPROVEMENT REVENUE BOND
SERIES A

\$ _____

R - 1

Date: _____

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority or registered assigns (the "Payee"), the sum of \$ _____, in installments on _____ of each year as set forth below, with interest on each installment at the rate per annum set forth below opposite the year in which the installment becomes due:

<u>Year</u>	<u>Installment</u>	<u>Interest Rate</u>
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The interest rate on each installment shall run from the original date of delivery of this bond to the Payee until payment of such installment, and such interest shall be payable on the 1st day of _____, and the 1st day of _____ in each year beginning _____ 1, 19____. The principal of this bond is payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, through _____, or at the option of the Payee at the _____ . The interest on this bond is payable by check or draft mailed to the Payee at its address as it appears on the books of the Treasurer of the State of West Virginia, as registrar.

This bond is subject to redemption prior to its stated date of maturity in whole or in part in inverse order of principal installments only on or after the date on which all outstanding bonds issued by the West Virginia Water Development Authority (the "Authority") to provide funds for the purchase of this bond are redeemable and at a price equal to the aggregate of (i) the corresponding principal amount of the bonds of the Authority to be redeemed by the Authority as a consequence of the redemption by the Issuer of all or a part of its bonds outstanding, (ii) the interest to accrue on the bonds of the Authority so to be redeemed

to the next redemption date thereof and not previously paid, (iii) the applicable premium, if any, payable on the bonds of the Authority so to be redeemed, (iv) the applicable premium, if any, payable on additional bonds of the Authority which also become redeemable by virtue of such redemption, (v) the costs and expenses of the Authority in effecting redemption of the bonds of the Authority so to be redeemed, and (vi) at the direction of the Authority, an amount equal to the proportionate amount of the additional bonds of the Authority so to be redeemed, if any, less other moneys of the Authority available therefor; provided, however, that in the event the bonds of the Authority have been refunded and the refunding bonds were issued by the Authority in a principal amount in excess of or less than such bonds remaining unpaid at the date of issuance of such refunding bonds, the Issuer shall be obligated to pay under item (i) above the principal amount of such refunding bonds outstanding, and, in the event the interest the Authority is required to pay on said refunding bonds is less than the Authority was required to pay on the bonds of the Authority, the Issuer shall be obligated to pay under item (ii) above the amount of interest to accrue on such outstanding bonds of the Authority.

This bond represents the entire authorized series of bonds in the aggregate principal amount of \$_____ (hereinafter called the "Series A Bonds") issued (i) to refund a portion of the Sewerage System Construction Notes, Series 1983, of the Issuer (the "Notes") issued to finance part of the cost of construction and improvement of a sewerage treatment and collection project (the "Project") pending issuance of the Bonds and receipt of certain grant proceeds, (ii) to pay additional costs of acquisition and construction of the Project, and (iii) to pay certain costs of issuance hereof and related costs. The Series A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Article 13 of Chapter 16 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Issuer on the _____ day of _____, 198____, and a Supplemental Resolution adopted by said Council on the _____ day of _____, 1983 (collectively called the "Bond Ordinance"), and is subject to all the terms and conditions thereof. The Bond Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Series A Bonds under the Bond Ordinance.

The Series A Bonds are payable only from and secured by a pledge of the net revenues to be derived from the operation of the System, which net revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. Said pledge of net revenues, however, shall be subordinate to the interest of certain bonds previously issued by the Issuer, known as the Town of Moorefield, West Virginia Sewer Revenue Bonds, issued in the original principal amount of \$145,000, while such bonds remain outstanding. Notwithstanding any other provision of the Bond Ordinance or hereof to the contrary, the lien on said net revenues on behalf of the Series A Bonds may also be subordinate to that created on behalf of

the Notes. The Series A Bonds do not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest thereon except from said special fund provided, and the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least _____% of the amount required to pay the maximum amount due in any ensuing year of principal of and interest on all obligations payable from such revenues, excluding the Notes. The Issuer has entered into certain further covenants with the Payee, as holder of the Series A Bonds, for the terms of which reference is made to the Bond Ordinance. Remedies provided the Payee are exclusively as provided in the Bond Ordinance, to which reference is here made for a detailed description thereof.

This bond is transferable, as provided in the Bond Ordinance, only upon the books of the Issuer kept for that purpose at the office of the Treasurer of the State of West Virginia, by the Payee, or by its attorney duly authorized in writing, upon the surrender of this bond together with a written instrument of transfer satisfactory to the Treasurer of the State of West Virginia, duly executed by the Payee or its attorney duly authorized in writing.

This bond shall be exempt from taxation by the State of West Virginia and any county, municipality, political subdivision or agency thereof.

All money received from the sale of this bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Ordinance, including payment of a portion of the Notes authorized and issued pursuant to the Bond Ordinance and any other indebtedness incurred by the Issuer for such purposes which is required to be paid from the moneys received from the sale of the Series A Bonds, or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holders of the Series 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 the Series A Bonds have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of the Series A Bonds, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on the Series A Bonds.

All provisions of the Bond Ordinance, resolutions and statutes under which this bond is issued shall be deemed to be a part of the

contract evidenced by this bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, TOWN OF MOOREFIELD has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, all as of the 14th day of June, 1983.

Justin R. Smith
Mayor

(SEAL)

ATTEST:

John J. Heiman
Recorder

(Form of Payment Record)

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance</u>	<u>Interest Due After Payment</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Officer And Title</u>
	\$	\$	(%)		

SCHEDULE A

Principal installments on which payments
have been made prior to maturity

<u>Principal Due Date</u>	<u>Amount</u>	<u>Principal Payment</u>	<u>Balance</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Officer and Title</u>
	\$	\$	\$		

(Form of Assignment)

FOR ¹VALUE RECEIVED the undersigned sells, assigns, and transfers unto

the within bond of TOWN OF MOOREFIELD and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said bond on the books of the said Town with full power of substitution in the premises.

Dated: _____

In the presence of:

U

ARTICLE V

REVENUES AND APPLICATION THEREOF

Section 5.01. Covenants of the Issuer as to Revenues; Revenue Fund. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series A Bonds Reserve Fund and the Series A Sinking Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bonds that the entire gross revenues derived from the rates and charges of the System, and all parts thereof, shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which fund, known as the "Sewer Revenue Fund" or "Revenue Fund" was established initially by the ordinance authorizing the issuance of the 1963 Bonds (the "1963 Ordinance"). The Revenue Fund constitutes a trust fund for the purposes provided herein and in the 1963 Ordinance and shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein and in the 1963 Ordinance.

Section 5.02. Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

(A) As provided by Section 5(1) of the 1963 Ordinance, the Issuer shall first each month pay from the moneys in the Sewer Revenue Fund into that fund designated the Operation and Maintenance Fund by the 1963 Ordinance all current Operating Expenses.

(B) The Issuer shall next make such payments from the Revenue Fund as required by Section 5(2) of the 1963 Ordinance into the Sewer Revenue Bond Interest and Sinking Fund established thereunder.

(C) The Issuer shall next make such payments from the Revenue Fund as required by Section 5(3) of the 1963 Ordinance into the Depreciation Fund established thereunder.

(D) Those amounts remaining in the Revenue Fund in excess of those payments set forth in paragraphs (A), (B) and (C) hereof, and those to be made into the Operation and Maintenance Fund and the Sinking Fund during the preceeding three (3) months shall next be deposited in the Reserve Fund established by Section 5 of the 1963 Ordinance. Any amounts remaining in said Reserve Fund after the application thereof pursuant to Section 5 of the 1963 Ordinance, and except as specifically provided below with respect to the Notes, shall be applied, in consecutive order, as ordered by paragraph (E), (F), (G) and (H) of this Section 5.02.

(E) The Issuer shall next, by the fifteenth day of each month, transfer from the Reserve Fund and pay into a sinking fund, to be held and administered by the Bond Commission (the "Series A Bonds

Sinking Fund"), the amount equal to the sum of (a) one-sixth of the interest payable on the Bonds authorized to be issued hereunder on the next interest payment date; (b) one-twelfth of that amount payable as principal during that twelve month period; and (c) any charges by the Bond Commission for its services in paying the Bonds' interest and principal.

(F) The Issuer shall next, by the fifteenth day of each month, transfer from the Reserve Fund and deposit with the said Bank in the Series A Bonds Reserve Fund hereby initially established in the Series A Sinking Fund with the Bond Commission, $1/12$ of $1/5$, or such lesser percentage required by the Authority at the time of issuance of the Original Bonds, of the amount of principal and interest becoming due on the Bonds authorized to be issued hereunder in any year until the amount in the Series A Bonds Reserve Fund equals a sum to be established by the Supplemental Resolution, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Series A Bonds Reserve Fund, the Issuer shall monthly deposit into the Series A Bonds Reserve Fund such part of the moneys remaining in the Reserve Fund, after such provision for payment of monthly installments on the Bonds and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Series A Bonds Reserve Fund. Moneys in the Series A Bonds Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bonds authorized to be issued hereunder as the same shall become due or for prepayment of installments on said Bonds, or for mandatory prepayment of said Bonds as hereinafter provided, and for no other purpose.

(G) The Issuer shall next, by the fifteenth day of each month, deposit in the Depreciation Fund, as established and existing under the 1963 Ordinance, an amount equal to the difference, if any, between $2\frac{1}{2}\%$ of the gross revenues of the System for the preceding month (exclusive of payment into the Sewer Revenue Fund) and that sum payable therein as determined under Section 5(3) of the 1963 Ordinance, until there has been accumulated in the Depreciation Fund an aggregate sum to be established by the Supplemental Resolution. Thereafter such sums shall be paid into the Depreciation Fund as required to maintain such amount therein. Moneys in the Depreciation Fund shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bonds as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for capital improvements, extraordinary repairs and replacements of equipment and improvements for the System, or any part thereof.

(H) Whenever all of the required and provided transfers and payments from the Revenue Fund and the Reserve Fund into the several special funds, as provided in the 1963 Ordinance and herein, are current and there remains in said Reserve Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series A Bonds Sinking Fund, the Series A Bonds Reserve Account, and the Depreciation Fund pursuant to paragraphs (E), (F) and (G) hereof during

the next succeeding three (3) months, such excess shall be considered as excess revenues (the "Excess Revenues"). The Excess Revenues shall be first used for the construction and acquisition of improvements and extensions to the System, and, thereafter, to the extent not need for such purposes, the Excess Revenues and any surplus moneys in the Series A Bond Sinking Fund, in excess of the amount of interest to become due on the next interest payment date and the amount of principal to become due within the next succeeding thirteen (13) months, may be used to purchase Bonds upon the open market at a price not exceeding the par value thereof plus three percent (3%) of such par value, or to redeem Bonds at a price not in excess of the redemption price thereof, or for debt service on obligations not on a parity with the Bonds, the proceeds of which obligations were used to finance such improvements or extensions.

Notwithstanding the foregoing, if there are not sufficient funds in the Note Repayment Account to pay the principal of and interest on the Notes on the 20th day prior to the maturity on any interest payment date thereof, as the case may be, and all payments from the Revenue Fund as required and provided by Subsections (A), (B), (C) and (D) of this Section 5.01, are current, any amounts remaining in the Reserve Fund (to the extent of such deficiency) shall be transferred immediately to the Repayment Account.

If none of the 1963 Bonds are outstanding, whenever the moneys in the Series A Bonds Reserve Fund in addition to moneys in the Series A Bonds Sinking Fund shall be sufficient to prepay the Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bonds at the earliest practical date and in accordance with applicable provisions hereof.

The Bond Commission is hereby designated as the Fiscal Agent for the administration of the Series A Bonds Reserve Fund as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Reserve Fund at the times provided herein, together with written advice stating the amount remitted for deposit into such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon, subordinate to the lien of the 1963 Bonds, for further securing payment of the Bonds and the interest thereon, but the depository bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

If on any payment date the revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Issuer shall instruct the Bond Commission to keep the moneys in the Series A Bonds Reserve Fund invested and reinvested in accordance with Article VI hereof. The moneys in the funds established by the 1963 Ordinance shall be invested as provided therein.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Original Bond Proceeds. From the moneys 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. Any accrued interest received from the sale shall be deposited in the Series A Bonds Sinking Fund and applied to the first interest payment due on the Original Bonds.

B. The amount of the proceeds which together with the proceeds deposited pursuant to Subsection (A) of this section and together with the earnings thereon, shall be at least sufficient to pay interest on the Original Bonds for the period specified in the Supplemental Resolution shall be deposited in the Series A Bonds Sinking Fund; provided, that such period may not extend beyond the date which is six (6) months after the estimated date of completion of construction of the Project.

C. The amount necessary to pay the costs of issuance of the Original Bonds shall be deposited in a special account, hereby designated the "Town of Moorefield Sewerage Improvement Revenue Bonds Cost of Issuance Account", (the "Costs of Issuance Account"), created with such bank as may be designated in the Supplemental Resolution and used for such purposes.

D. Except as provided by Subsection (E) of this section, the remaining moneys derived from the sale of the Original Bonds shall be deposited with the Trustee in the Note Repayment Account and applied solely to the payment of the Notes.

E. If the amount deposited pursuant to Subsection (D) above, together with other moneys on deposit in the Note Repayment Account, is sufficient to pay all the Notes Outstanding and defease the Indenture pursuant to Section 801 thereof and authorized by the Supplemental Resolution, the remaining moneys derived from the sale of the Bonds shall be deposited by the Issuer in a separate account, to be designated the "Town of Moorefield Sewerage Improvement Revenue Bond Proceeds Account" (the "Bond Proceeds Account"), which account is hereby created and established in the Project Construction Fund. Any moneys in the Bond Proceeds Account may be drawn out, used and applied by the Issuer for the payment of any additional costs of construction and acquisition of the Project authorized by the Supplemental Resolution, and purposes incidental thereto. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes,

then such unapplied proceeds shall be deposited by the Issuer in the Sinking Fund and shall be used only as provided therefor. All such proceeds shall be and constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Holders of such Bonds.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. General Statement. So long as the Bonds shall be Outstanding and unpaid, or until there shall have been set apart in the Series A Bonds Reserve Fund and the Series A Bonds Sinking Fund sums sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholders.

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, 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 by the Indenture; provided, that Section 7.02 shall not be applied to the Notes.

Section 7.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 130% or such lesser percentage as established by a resolution supplemental hereto, of the annual maximum debt service on the Series 1963 Bonds and the Bonds, or such other debt service requirement established by the Authority and all other obligations, except the Notes, to which the revenues of the System are pledged, and to make all payments required herein into the Series A Bonds Reserve Fund and Depreciation Reserve during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 7.03. Initial Schedule of Rates and Charges; Rules. The schedule of rates and charges for the services and facilities of the System shall be set forth in an ordinance enacted on or prior to the date of the Supplemental Resolution, subject to change consonant with the provisions thereof.

Section 7.04. Enforcement of Collections. The Issuer will diligently enforce and collect all rates or other charges of the System to the full extent permitted or authorized by the laws of the State.

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 services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the water system, if then owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of either system until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 7.05. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges incurred by it. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.06. Sale of the System. The System or any part thereof will not be sold, mortgaged, leased or otherwise disposed of so long as the 1963 Bonds are outstanding. If only the Bonds authorized hereunder are Outstanding, the System or any part thereof may be sold or otherwise disposed of with the prior written consent of the Purchaser. Such consent will provide for disposition of the proceeds of any such sale.

Section 7.07. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System in an amount equal to the replacement cost thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the

repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's Compensation Coverage for all Employees of the Council Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds will be filed with the Clerk of the County Commission of Hardy County, West Virginia prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39.

(e) Fidelity Bonds will be provided as to every member of the Issuer's Sanitary Board and as to every officer and employee thereof or of the Issuer having custody of the Sewerage System Improvement Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 7.08. Fiscal Year; Budget. While the Notes and Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than forty-five days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt a detailed, balanced budget of the estimated expenditures of the System for the ensuing year, (the "Annual Budget") and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Issuer. Copies of each Annual Budget shall be delivered to the Trustee and Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the first day of any fiscal year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next preceding by more than ten per centum; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Trustee and such Noteholders who made a request therefor as detailed above and to the Purchaser.

Section 7.09. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Recorder on the date of enactment hereof, subject to permitted changes.

Section 7.10. Books and Records. The Issuer will keep books and records of the System, following generally accepted accounting principles to the extent prescribed by and allowable under the rules and regulations of the Public Service Commission of West Virginia, which books and records 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 Noteholders, the Purchaser and Trustee shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall file with the Consulting Engineers, the Trustee, and the Authority, or any other original purchaser of the Bonds, and mail to any holder of the Notes or Bonds requesting the same, an annual report containing the following:

A. A statement of gross revenues, operating expenses and net revenues;

B. A balance sheet statement showing all deposits in, and the status of, all the funds and accounts provided for in the Ordinance and the Trust Indenture; and

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

The Issuer shall also, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail upon request and make generally available copies of such audit report or a summary thereof to the Trustee, the holders of the Notes, and the Purchaser of the Bonds.

Section 7.11. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient

manner, and maintain the System as a revenue-producing utility as herein provided so long as the Notes and Bonds are outstanding. Furthermore, the Issuer covenants that it will not render or cause to be rendered any free services of any nature by its System.

Section 7.12. No Competition. The Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 7.13. Concerning Arbitrage. The proceeds of sale of the Notes and the Bonds will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 7.14. 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 for the Notes originally issued under the Indenture 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 so long as any of the Bonds are Outstanding the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, that the lien of such Notes originally issued, under the Indenture on such revenues may rank prior thereto and that additional Bonds on a parity with the Bonds may be issued as provided 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; provided, that so long as any of the Notes is Outstanding no such additional parity Bonds shall be issued except for the purpose of refunding all or a portion of the Notes and purposes incidental thereto. Such additional parity Bonds shall be issued under such conditions and upon such terms as established by ordinance of resolution of the Issuer. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless the Series A Bonds Reserve Fund and the Series A Bonds Sinking Fund are funded to the extent that no further payments are required thereto as provided in Section 502.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment,

encumbrance or any other charge having priority over or being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance, or upon the System or any part thereof.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Bond Commission, the Trustee, 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 Ordinance, the Trust Indenture, the need for such moneys for the purposes set forth herein and in the Indenture.

Except as provided in the Indenture, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount. The Commission, the Trustee, 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 or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

ARTICLE IX

DEFAULTS AND REMEDIES

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

(a) Payment of the principal of any of the Bonds shall not be made as and when the same shall become due and payable; or

(b) Payment of any installment of interest on any of the Bonds shall not be made as and when the same shall become due and payable; or

(c) An order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver, or receivers, of the Issuer, or of any of the revenues to be derived from the System, or any proceedings shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting any composition between the Issuer and any of its creditors pursuant to any Federal or State statute now or hereafter enacted, or if such order or decree, having been entered without the consent or acquiescence of the Issuer, shall not be vacated or discharged or stayed on appeal within sixty days after the entry thereof, or if such proceedings, having been instituted without the consent or acquiescence of the Issuer, shall not be withdrawn or any orders entered shall not be withdrawn, vacated, discharged or stayed on appeal, within sixty days after the institution of such proceedings, or the entry of such orders; or

(d) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements or provisions contained in the Bonds, in the Indenture, or in the Ordinance, other than (a) and (b) above, and such default shall continue for thirty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Issuer by the Trustee.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Holder of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of the Holders of the Bonds including the right to require the Issuer to perform its duties under the Act and the Ordinance relating thereto, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Holders of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Ordinances with respect to the Bonds, or the rights of the Holders of the Bonds.

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

The receiver so appointed shall forthwith, directly or be 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 Ordinance for Reserve, Sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Ordinance shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Holder of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

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

System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds or Notes, as the case may be, the principal of and interest due or to become due thereon, at the times and in the manners respectively stipulated therein and in this Ordinance, then the respective pledges of Net Revenues, Surplus Revenues, Original Bond proceeds and Grant Receipts, and other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the Issuer to Holders of the Bonds or Notes, as the case may be, shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds or Notes, as the case may be, and interest installments for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agents at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on such Bonds or Notes, as the case may be, shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Bonds and Notes, as the case may be, shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or the Trustee, as the case may be, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or the Trustee, as the case may be, at the same time, shall be sufficient, to pay when due the respective principal of and interest due and to become due on said Bonds or Notes, as the case may be, on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Bond Commission or the Trustee, as the case may be, 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 respective principal of and interest on said Bonds or Notes, as the case may be; provided, that any cash received from such principal or interest payments on such securities deposited with the Bond Commission or the Trustee, as the case may be, 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 respective principal of and interest to become due on said Bonds or Notes, as the case may be, on and prior to such maturity dates thereof, and interest earned from such reinvestments shall be paid over

to the Issuer as received by the Bond Commission or the Trustee, as the case may be, 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 Ordinance. No material modification or amendment of this Ordinance, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Bondholders or Noteholders shall be made without the consent in writing of the Holders of sixty-six and two-thirds percent (66-2/3%) or more in principal amount of the Bonds or Notes respectively, then Outstanding; provided, that no change 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 Holder 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. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof, the Notes or the Bonds.

Section 11.03. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed, excepting the 1963 Ordinance and all supplemental resolutions related thereto, authorizing the issuance of the 1963 Bonds.

Section 11.04. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 11.05. Effective Time. This Ordinance shall take effect after publication and public hearing thereon, in compliance with Section 6 of the Act, following its adoption by the Council.

Passed on First Reading June 7, 1983.

Passed on Second and Final Reading June 14, 1983.

Effective June 28, 1983.

(SEAL)

By: Debra R Smith

Mayor

By: Shirley J. Johnson

Recorder

TOWN OF MOOREFIELD, WEST VIRGINIASEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES ASUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, OF THE TOWN; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the Town Council (the "Governing Body") of the Town of Moorefield, West Virginia (the "Issuer"), duly and officially adopted an ordinance effective June 28, 1983, entitled:

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM IMPROVEMENT REVENUE BONDS, SERIES A, AND UP TO \$3,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM CONSTRUCTION NOTES, SERIES 1983, OF TOWN OF MOOREFIELD TO FINANCE CONSTRUCTION OF IMPROVEMENTS TO A SEWERAGE SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BONDS; AUTHORIZING A TRUST INDENTURE SETTING FORTH THE TERMS AND PROVISIONS OF AND SECURITY FOR THE NOTES; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

WHEREAS, said ordinance was supplemented by resolutions of the Town Council passed on July 6, 1983, July 26, 1983 and March 26, 1985 (said ordinance, together with said supplemental resolutions, referred to herein as the "Bond Ordinance");

WHEREAS, the Bond Ordinance provides for the issuance of Sewerage System Improvement Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed \$500,000, and authorized the execution and delivery of a Loan Agreement (the "Loan Agreement") dated as of March 26, 1985, by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, Chapter 16, Article 13 (the "Act"); and in the Bond Ordinance it is provided that the maturity date, interest rates, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the price, the maturity date, 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 TOWN COUNCIL OF THE TOWN OF MOOREFIELD:

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewerage System Improvement Revenue Bonds, Series A, of the Issuer, originally represented by a single Bond, numbered R-1, in the principal amount of \$254,569. The Bonds shall be dated January 10, 1986, shall mature October 1, 2025, shall bear interest at the rate of 9.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1986, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium provided in the loan Agreement, as long as the Authority shall be the registered owner of the 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 incorporated therein by reference.

Section 2. The Bonds shall be in the form attached hereto and made a part hereof.

Section 3. The sale of the Bonds to the Authority pursuant to the terms of the Loan Agreement is hereby approved. The price of the Bonds shall be \$254,569 (100% of par).

Section 4. The Governing Body does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar and Paying Agent for the Bonds and does approve and accept the Registrar's Agreement dated as of January 10, 1986, by and between the Issuer and Kanawha Valley Bank, N.A., 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 Governing Body does hereby appoint Smith Branch Valley National Bank, as the depository bank under the Bond Ordinance.

Section 6. 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 10, 1986, to the Authority pursuant to the Loan Agreement.

Section 7. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 7th day of January, 1986.

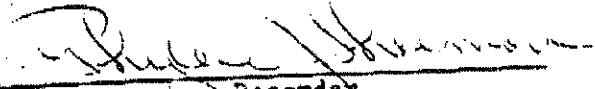
By *L. A. K. [Signature]*
Mayor

By *[Signature]*
Recorder

CERTIFICATE

Certified to be a true and correct copy of that certain Resolution duly filed and of record in the office of the Recorder of the Town of Moorefield, West Virginia, adopted by the Town Council of the Town of Moorefield at the meeting held on January 7, 1986, and effective immediately.

Given under my hand and the official seal of the Town of Moorefield, West Virginia, this 10th day of January, 1986.


Recorder

(SEAL)

TOWN OF MOOREFIELD
WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

SCHEDULE OF LEVEL ANNUAL DEBT SERVICE

SECURITY DATE	COUPON	PRINCIPAL	INTEREST	DEBT SERVICE
1/1986	9.750	616.00	17,994.85	18,610.85
1/1987	9.750	676.00	24,760.42	25,436.42
1/1988	9.750	741.00	24,694.51	25,435.51
1/1989	9.750	814.00	24,622.26	25,436.26
1/1990	9.750	893.00	24,542.90	25,435.90
1/1991	9.750	980.00	24,455.83	25,435.83
1/1992	9.750	1,076.00	24,360.28	25,436.28
1/1993	9.750	1,181.00	24,255.37	25,436.37
1/1994	9.750	1,296.00	24,140.22	25,436.22
1/1995	9.750	1,422.00	24,013.86	25,435.86
1/1996	9.750	1,561.00	23,875.22	25,436.22
1/1997	9.750	1,713.00	23,723.02	25,436.02
1/1998	9.750	1,880.00	23,556.00	25,436.00
1/1999	9.750	2,063.00	23,372.70	25,435.70
1/2000	9.750	2,264.00	23,171.56	25,435.56
1/2001	9.750	2,485.00	22,950.82	25,435.82
1/2002	9.750	2,727.00	22,708.53	25,435.53
1/2003	9.750	2,993.00	22,442.65	25,435.65
1/2004	9.750	3,285.00	22,150.83	25,435.83
1/2005	9.750	3,605.00	21,830.54	25,435.54
1/2006	9.750	3,957.00	21,479.06	25,435.06
1/2007	9.750	4,343.00	21,093.25	25,436.25
1/2008	9.750	4,766.00	20,669.81	25,435.81
1/2009	9.750	5,231.00	20,205.12	25,436.12
1/2010	9.750	5,741.00	19,695.10	25,436.10
1/2011	9.750	6,301.00	19,135.35	25,436.35
1/2012	9.750	6,915.00	18,521.00	25,436.00
1/2013	9.750	7,589.00	17,846.79	25,435.79
1/2014	9.750	8,329.00	17,106.86	25,435.86
1/2015	9.750	9,141.00	16,294.79	25,435.79
1/2016	9.750	10,032.00	15,403.54	25,435.54
1/2017	9.750	11,011.00	14,425.42	25,436.42
1/2018	9.750	12,084.00	13,351.85	25,435.85
1/2019	9.750	13,262.00	12,173.66	25,435.66
1/2020	9.750	14,555.00	10,880.61	25,435.61
1/2021	9.750	15,975.00	9,461.50	25,436.50
1/2022	9.750	17,532.00	7,903.94	25,435.94
1/2023	9.750	19,241.00	6,194.57	25,435.57
1/2024	9.750	21,117.00	4,318.57	25,435.57
1/2025	9.750	23,176.00	2,259.66	25,435.66
		254,569.00	756,042.74	1,010,611.74

SMITH BARNEY, HARRIS UPHAM & CO. INCORPORATED
FILENAME: QMOR , 7-JAN-86,

TOWN OF MOOREFIELD

BOND AND LINE OF CREDIT ORDINANCE -- SEWER PROJECT

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BOND AND LINE OF CREDIT ORDINANCE

An Ordinance supplementing an ordinance passed by the Council of the Town of Moorefield, West Virginia, on June 14, 1983, entitled "Ordinance authorizing the issuance of up to \$500,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series A and up to \$3,000,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1983, of the Town of Moorefield to finance construction of the improvements to a sewerage system"; authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of the Town of Moorefield; authorizing issuance of not more than \$225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than \$75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town of Moorefield to be used, along with other funds and moneys of or available to the Town of Moorefield that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; providing for the sale of such Bonds to the West Virginia Water Development Authority and for the rights and remedies of and security for the registered owners of such Bonds; authorizing an irrevocable line of credit in an amount not to exceed \$500,000 to provide funds for such acquisition and construction pending the receipt of certain grant proceeds; and enacting other provisions relating thereto.

Be It Ordained and Enacted by the Council of The Town of Moorefield, West Virginia:

ARTICLE I

DEFINITIONS, STATUTORY AUTHORITY AND FINDINGS

Section 1.01. Definitions. The following terms shall have the following meanings in this Ordinance unless the context expressly requires otherwise:

A. "Act" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

B. "Authority" means the West Virginia Water Development Authority, which shall be the original purchaser of the Original Bonds, as hereinafter defined, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

C. "Authorized Officer" means the Mayor of the Town of Moorefield or any acting mayor duly appointed or any other officer duly so authorized by the Council of the Town of Moorefield.

D. "Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01(1).

E. "Bondholder" or "Owner of the Bonds" or "Registered Owner" or "Owner" or any similar term means any person who shall be the registered owner of any outstanding Bond or Bonds.

F. "Bond Registrar" means the bank to be designated as such in the Supplemental Resolution, as hereinafter defined, and its successors or assigns.

G. "Bonds" means the Original Bonds, as hereinafter defined, and any additional parity bonds hereafter issued within the terms, restrictions and conditions contained in this Ordinance.

H. "Code" means the United States Internal Revenue Code of 1986 as it may from time to time be amended and any regulations promulgated pursuant thereto or any applicable regulations promulgated pursuant to any predecessor thereto.

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

J. "Consulting Engineers" means William Pallavicini, Consulting Engineer, Petersburg, West Virginia, or any engineer or firm of engineers of reputation for skill and experience with respect to the design and construction of sewerage facilities that shall at any time hereafter be retained by the Town as Consulting Engineers for the System, as hereinafter defined.

K. "Costs" or "Costs of the Project" means those costs described in Subsection 1.03(F) hereof to be a part of the costs of the construction and acquisition of the Project, as hereinafter defined.

L. "Council" means 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.

M. "Credit Line Note" or "Note" means the note authorized by Section 4.02 hereof to evidence the Town's

obligation to repay any draw under the Line of Credit, as hereinafter defined.

N. "Depository Bank" means the bank, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC, as hereinafter defined, designated as such in the Supplemental Resolution, as hereinafter defined, and any successors thereto.

O. "EPA" means the United States Environmental Protection Agency or any successor to the functions of the EPA.

P. "EPA Grant" means the grant from the EPA awarded as of September 27, 1982, pursuant to an EPA Assistance Agreement, as supplemented and amended.

Q. "Event of Default" means any occurrence or event specified in Section 9.01.

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

S. "FEMA" means the Federal Emergency Management Agency or any successor to the functions of FEMA.

T. "FEMA Grant" means the Grant from FEMA.

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

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

W. "Grant Receipts" means all moneys received by the Town on account of the EPA Grant and the FEMA Grant or any other grant to pay Costs of the Project, as hereinafter defined.

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

Y. "Independent Accountants" means any certified public accountant or firm of certified public accountants that shall be retained by the Town to prepare an independent annual or special audit of the accounts of the System, as hereinafter defined, or for any other purpose except keeping the accounts of such System in the usual operations of its business and affairs.

Z. "Line of Credit" means the irrevocable line of credit in an amount not to exceed \$500,000 authorized by Section 4.01.

AA. "Line of Credit Agreement" means the agreement establishing the Line of Credit, to be approved in substantial form by a resolution supplemental hereto.

BB. "Loan Agreement" means the Loan Agreement between the Authority and the Town, in substantially the form attached as Exhibit A hereto and incorporated herein by reference, with any changes, insertions or deletions as may be requested by the Authority and approved by the Supplemental Resolution, as hereinafter defined, providing for the purchase of the Original Subordinate Bonds from the Town by the Authority.

CC. "Mayor" means the Mayor of the Town.

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

EE. "Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System, as hereinafter defined, 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, any fiscal agents, Bond and Note registrars and paying agents, the trustee for any Notes and the Depository Bank, 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.

FF. "Ordinance" means this Ordinance, as hereafter amended or supplemented.

GG. "Original Bonds" or "Bonds authorized hereby" or any similar phrase means, collectively, the Original Subordinate Bonds and the Original Supplemental Bonds, both as hereinafter defined.

HH. "Original Subordinate Bonds" means the not more than \$225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

II. "Original Supplemental Bonds" means the not more than \$75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, originally authorized hereby to pay a portion of the Costs of the Project.

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

KK. "Parity Bonds" means, collectively, Parity Subordinate Bonds and Parity Supplemental Bonds.

LL. "Parity Subordinate Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Subordinate Bonds.

MM. "Parity Supplemental Bonds" means any additional bonds issued under the provisions and within the limitations prescribed by Section 7.08 hereof, payable from Net Revenues on a parity with the Original Supplemental Bonds.

NN. "Paying Agent" means the West Virginia Municipal Bond Commission or any successor to the functions thereof.

OO. "Prior Bonds" means the Town's Sewer Revenue Bonds dated June 1, 1963, issued in the aggregate principal amount of \$145,000 and outstanding as of the date of enactment of this Ordinance in the aggregate principal amount of \$64,000, the lien of which Prior Bonds on the Net Revenues is prior and superior to that of the Original Bonds.

PP. "Prior Ordinance" means the ordinance enacted by Council on June 29, 1963 authorizing the issuance of the Prior Bonds.

QQ. "Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local government entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority, or any successor to said program as currently constituted.

RR. "Project" means the extensions, improvements and betterments to the existing sewerage system of the Town described in Exhibit B attached hereto and incorporated herein by reference.

SS. "PSC" means the Public Service Commission of West Virginia or any other agency of the State of West Virginia that succeeds to the functions of the PSC.

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

(a) Government Obligations;

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

(c) 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;

(d) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the

FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that such Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time account or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time account;

(e) Money market funds or similar funds the only assets of which are investments of the type described in paragraphs (a) through (d) above;

(f) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (d) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owners of said 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; and

(g) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended.

UU. "Recorder" or "Town Recorder" means the Recorder of the Town.

VV. "Sanitary Board" or "Board" means the Sanitary Board of the Town established by an ordinance duly enacted by the Council of the Town on June 3, 1958, and any successors to the functions thereof.

WW. "Series A Bonds" means the \$245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds, Series A issued January 10, 1986, outstanding as of the date of this Ordinance in the aggregate principal amount of \$243,277.

XX. "Series A Ordinance" means the Ordinance enacted by the Council of the Town on June 14, 1983, effective June 28, 1983 authorizing the Series A Bonds.

YY. "State" means the State of West Virginia.

ZZ. "Subordinate Bonds" means, collectively, the not more than \$225,000 in aggregate principal amount of Original Subordinate Bonds and any Parity Subordinate Bonds hereafter issued.

AAA. "Supplemental Bonds" means, collectively, the not more than \$75,000 in aggregate principal amount of Original Supplemental Bonds and any Parity Supplemental Bonds hereafter issued.

BBB. "Supplemental Loan Agreement" means the Supplemental Loan Agreement between the Authority and the Town, in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with any changes, insertions or deletions requested by the Authority and approved by the Supplemental Resolution, providing for the purchase of the Original Supplemental Bonds from the Town by the Authority.

CCC. "Supplemental Reserve Account" means the account established in the Supplemental Sinking Fund, as hereinafter defined, pursuant to Section 5.02(1)(a).

DDD. "Supplemental Reserve Requirement" means the maximum amount of principal and interest, if any, which will become due on the Supplemental Bonds in any year.

EEE. "Supplemental Resolution" means any ordinance or resolution of the Council amending or supplementing this Ordinance and, when preceded by the article "the," refers specifically to the Supplemental Resolution authorizing the sale of the Original Bonds or the Supplemental Resolution approving a trust indenture pursuant to which the Notes shall be issued and specifically authorizing the Notes; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Bonds or the Notes, as the case may be, and not so included may be included in another Supplemental Resolution.

FFF. "Supplemental Sinking Fund" means the Supplemental Sinking Fund established for the Supplemental Bonds by Section 5.02(1).

GGG. "Surplus Revenues" means the Net Revenues not required by the Prior Ordinance, the Series A Ordinance or this Ordinance to be set aside and held (including but not limited to in sinking funds, reserve accounts and renewal and replacement funds) for the payment of or security for the Prior Bonds, the Series A Bonds or the Bonds or any other obligations of the Town, the proceeds of which Bonds or other obligations are used to pay Costs of the Project.

HHH. "System" means 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.

III. "Tap Fees" means any fees paid by prospective customers of the System in order to connect thereto.

JJJ. "Town" means the Town of Moorefield, a municipal corporation of the State of West Virginia, and, where appropriate, the Council thereof.

KKK. "WDA Loan Agreements" means, collectively, the Loan Agreement and the Supplemental Loan Agreement.

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

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

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

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

Section 1.02. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law and, so long as any of the Prior Bonds or the Series A Bonds are outstanding, is supplemental to the Series A Ordinance.

Section 1.03. Findings. It is hereby found, determined and declared as follows:

A. The Town now owns and operates public works for the collection and treatment, purification and disposal of sewage.

B. The Town completed certain additions, extensions, improvements and betterments to the System in 1984 and 1985. In November 1985 the System was seriously damaged by flood. EPA and FEMA have supervised and mandated the improvements, betterments, extensions and additions contemplated by the Project.

C. In accordance with Section 18 of the Act, the System is under the supervision and control of the Sanitary Board.

D. The Sanitary Board has presented a petition to the Town for acquisition and construction of the Project, enactment of this Ordinance and the issuance of the Bonds and Notes.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the Town that the Project be acquired and constructed at an estimated cost of \$2,529,300, in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications are on file with the Sanitary Board and the Recorder, and which Project is generally described in Exhibit B hereto.

F. It is deemed necessary for the Town to issue its Original Subordinate Bonds in the aggregate principal amount of not more than \$225,000 and its Original Supplemental Bonds in the aggregate principal amount of not more than \$75,000 and contemporaneously therewith, or as soon as practicable thereafter if and when the Council shall determine it to be in the best interests of the Town, to enter into the Credit Line Agreement in the aggregate principal amount of not more than \$500,000, all to finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; interest upon the Notes during the term thereof; engineering, fiscal and legal expenses; expenses for estimates of cost and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees and expenses of the Authority, commitment fees, discount, initial fees for the service of registrars, paying agents, depositories or 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 the same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, insurance or letter of credit costs, provided, that reimbursement to the Town 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 Town for such purposes shall be deemed Costs of the Project.

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

H. There are outstanding on the date of enactment of this Ordinance \$64,000 in aggregate principal amount of Prior Bonds and \$243,277 in aggregate principal amount of Series A Bonds. The holders of the Prior Bonds shall have a lien on the Net Revenues prior and superior to that of the Bondholders. The Subordinate Bonds will be on a parity with the Series A Bonds. Other than the Prior Bonds and the Series A Bonds, there are no obligations of the Town outstanding which will rank prior to or on a parity with the Original Bonds as to their respective liens and sources of and security for payment.

I. The issuance of the Original Bonds on a basis subordinate to the Prior Bonds is being authorized in an effort to aid in the abatement or reduction of the pollution of waters and streams situate in and about the Town, including the South Branch of the Potomac River.

J. The Town derives revenues from the System, and said revenues are pledged or encumbered only in connection with the Prior Bonds and the Series A Bonds.

K. The Town is authorized to issue bonds, on a parity with the second parity lien of the Series A Bonds issued pursuant to the Series A Ordinance.

L. The Town hereby finds and determines that the annual net revenues of the System prior to the issuance of the Original Bonds plus reasonably projected revenues from the rate increase and the improvements to be financed by the Original Bonds will be more than sufficient to comply with the requirements of Section 7.14 of the Series A Ordinance and Section 4.1(a)(vi) of the Loan Agreement with respect to the Series A Bonds.

M. Prior to the issuance of the Original Bonds, a certified public accountant who is not in the regular employ of the Town shall file with the Recorder a certificate that the net revenues of the System prior to the issuance of the Original Bonds, plus reasonably projected revenues from the rate increase and the improvements financed by such Original Bonds shall be not less than one hundred fifteen per centum (115%) of the maximum debt service in any succeeding year on the Prior Bonds, the Series A Bonds, there being no other obligations then outstanding which are payable from the revenues of the System, and on the Original Bonds.

N. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of the the System, the principal of and interest on the Prior Bonds, the Series A Bonds and the Bonds and all sinking fund and other payments provided for in the Prior Ordinance, the Series A Ordinance, and this Ordinance.

O. It is in the best interests of the Town that its Original Bonds be sold to the Authority pursuant to the terms and provisions of the WDA Loan Agreements.

P. The Town 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 Original 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 PSC by final order not subject to appeal or rehearing.

Q. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements.

R. It is in the best interests of the Town and its inhabitants to qualify for the small governmental unit exception from the rebate provisions.

S. The Town is a governmental unit with general taxing powers.

T. The Original Bonds are not private activity bonds as defined by the Code.

U. Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town.

V. The Town reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the Town and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued, being 1987, will not exceed \$5,000,000.

W. The Town shall not permit at any time any of the proceeds of the Bonds or other funds of the Town to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Code.

X. The Town will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds.

Y. The Bonds will not be federally guaranteed within the meaning of the Code.

Z. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within three years from May 22, 1986.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds and the Note authorized to be issued hereunder by those who shall respectively hold the same from time to time, this Ordinance shall be deemed to be and shall constitute a contract between the Town and such Bondholders or Noteholder, and the covenants and agreements herein set forth to be performed by said Town shall be for the equal benefit, protection and security of the legal Holders of any and all of such Subordinate Bonds, Supplemental Bonds or the Note, as the case may be, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF PROJECT

Section 2.01. Authorization of Project. There is hereby authorized the acquisition and construction of the Project in accordance with the plans and specifications therefor prepared by the Consulting Engineers.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF WDA LOAN AGREEMENTS

Section 3.01. Authorization of Original Bonds. For the purposes of financing a portion of the costs of acquisition and construction of the Project not otherwise provided for, of paying the costs of issuance of the Original Bonds and, if authorized by the Supplemental Resolution, of funding the Reserve Account and the Supplemental Reserve Account or for providing for interest during construction or both, there shall be issued the Original Bonds of the Town. Such Original Bonds shall be issued contemporaneously with or prior to any issuance of the Note. The proceeds of the Original Bonds shall be applied as provided in Section 6.01.

Section 3.02. Terms of Original Bonds. The Original Subordinate Bonds shall be originally issued in the form of a single bond, designated Subordinate Sewerage System Revenue Bond, Series 1987, numbered R-1, fully registered to the Authority, in the principal amount of not more than \$225,000 as shall be set forth in the Supplemental Resolution. The Original Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate per annum, not to exceed 12%, as shall be set forth in the Supplemental Resolution, payable semiannually on April 1 and October 1 of each year, beginning with the date set forth in the Supplemental Resolution; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Original Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The Original Supplemental Bonds shall be originally issued in the form of a single bond, designated Supplemental Subordinate Sewerage System Revenue Bond, Series 1987, numbered SR-1, fully registered to the Authority, in the principal amount of not more than \$75,000, as shall be set forth in the Supplemental Resolution. The Original Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement, so long as the Authority shall be the registered owner of the Original Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years and in the amounts set forth in the Supplemental Loan Agreement "Schedule X" to be approved by the Supplemental Resolution.

The Bonds shall be payable as to principal at the principal office of the Paying Agent in any coin or currency which, on the dates of payment of principal, is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds 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, provided, that so long as the Authority is the Owner thereof, interest on the Bonds may be paid by wire transfer or other methods satisfactory to the Town, the Paying Agent and the Authority.

Bonds shall be exchangeable at the option and expense of the Owner for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding, with principal installments or

maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange and the Town shall pay any expenses of the first exchange of the Bonds and in the case of a partial redemption of any Bond.

Subsequent series of Bonds may be issued within the terms and restrictions hereinafter set forth as provided by a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Town by the Mayor, and the seal of the Town 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 Town before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bonds may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Town, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.09, 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 Ordinance. The Certificate of Authentication and Registration on 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 of the Bonds issued hereunder.

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

conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

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

The Bonds shall be transferable only upon the books of the Bond Registrar, by the 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 Owner or his duly authorized attorney or legal representative.

In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges 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 charges and expenses for any Bonds owned by the Authority, in the event of partial redemption of any Bond or in connection with the first transfer of any Bond from the original purchaser thereof shall be paid by the Town and, otherwise, shall be paid by the Owner requesting such transfer or exchange. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period beginning with the 15th day of the month preceding an interest payment date and ending on the day preceding such interest payment date or, in the case of any proposed redemption of Bonds, during the 15 days next preceding the date of the selection of Bonds to be redeemed.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Town may, at the discretion of the Council, issue, and the Bond Registrar shall authenticate and deliver, a new Bond or Bonds of like tenor as the Bond or Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or Bonds, upon surrender and cancellation of such mutilated Bond or Bonds, or in lieu of and substitution for the Bond or Bonds destroyed, stolen or lost, and upon the Owner's furnishing the Town proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Town may prescribe and paying such expenses as the Town may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Town. If any such

Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Town may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender thereof.

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

Section 3.07. Bonds Not To Be Indebtedness of the Town. The Bonds shall not, in any event, be or constitute an indebtedness of the Town within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues and otherwise as provided herein. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Town to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Subordinate Pledge of Net Revenues. The payment of the debt service of all the Subordinate Bonds shall be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, which lien is junior, subordinate and inferior to that on account of the Prior Bonds and which lien is on a parity with the lien on the Net Revenues held by the owners of the Series A Bonds. The payment of the debt service of all the Supplemental 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, subordinate and inferior to the lien on the Net Revenues in favor of the Prior Bonds, the Series A Bonds and the Subordinate Bonds. Such Net Revenues, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the other payments required under the Prior Ordinance, and in addition to paying the principal of and interest on the Series A Bonds and making the other payments required by the Series A Ordinance, to pay the principal of and interest on the Bonds and to make the payments required into the Sinking Fund and the Reserve Account therein, the Renewal and Replacement Fund and the Supplemental Sinking Fund and the Supplemental Reserve Account therein, all hereinafter established, are hereby irrevocably pledged to the payment of the principal of and any interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Original Bonds shall be in substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this

Ordinance or by any Supplemental Resolution adopted or enacted prior to the issuance thereof:

[Form of Original Subordinate Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF MOOREFIELD
SUBORDINATE SEWERAGE SYSTEM REVENUE BOND, SERIES 1987

No. R-_____

\$_____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said Exhibit A.

Interest on each installment shall run from the date of this Bond and until payment of such installment, and such interest shall be payable on the 1st day of April and the 1st day of October in each year beginning _____, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent (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 _____, 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 as otherwise provided by the Loan Agreement, dated as of _____, 19__ between the Town and the Authority.

This Bond is issued (i) to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the

Project and any further extensions, improvements or betterments thereto, is hereinafter referred to as the "System")[(; (ii) to pay interest on the Bonds during and for six months after completion of construction of the Project; (iii) to fund the Reserve Account, as hereinafter defined; and (iv)] 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 Code of West Virginia, 1931, as amended (the "Act"), and the Ordinance duly enacted by the Council of the Town on the _____ day of _____, 19____, as supplemented by a resolution duly adopted by the Council of the Town on _____, 19____, (collectively, the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Reserve Account created under the Ordinance (the "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 Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues [, the moneys in the Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance, the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the proper and reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, on the Supplemental Bonds, as hereinafter defined, and on all obligations secured by or payable from such revenues prior to or on a parity with the Bonds and said Supplemental Bonds, including the Prior Bonds and the Series A Bonds, as hereinafter defined; provided, however, that so long as there exists in the Reserve Account sufficient moneys to pay the maximum amount of principal and interest which will become due on the Bonds in any year, there exists in the reserve account for said Supplemental Bonds sufficient moneys to pay the maximum amount of principal and interest, if any, which will become due on said Supplemental Bonds in any year, and the reserve accounts for any such

obligations prior to or on a parity with the Bonds or said Supplemental Bonds, including said Prior Bonds and the Series A Bonds, are funded at the respective requirements therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of the Registrar kept for that purpose at the office of the Registrar by the Registered Owner or by its attorney or legal representative duly authorized in writing, upon 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 or legal representative duly authorized in writing.

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

This Bond is issued contemporaneously with the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Supplemental Bonds"), issued in the aggregate principal amount of \$_____, which Supplemental Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds of this issue.

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 DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (the "PRIOR BONDS").

THIS BOND IS ON A PARITY AS TO LIEN ON AND SOURCE AND SECURITY FOR PAYMENT FROM THE NET REVENUES AND IN ALL OTHER RESPECTS TO THE TOWN'S SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS SERIES A DATED AS OF JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (the "SERIES A BONDS").

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

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

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

IN WITNESS WHEREOF, THE TOWN OF MOOREFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Recorder, and has caused this Bond to be dated _____, 19__.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Subordinate Sewerage System Revenue Bonds, Series 1987, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

¹
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 said Bond on the books kept for registration of the within Bond of said Town with full power of substitution in the premises.

Dated: _____, 19__.

In the presence of:

[Form of Original Supplemental Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF MOOREFIELD
SUPPLEMENTAL SUBORDINATE SEWERAGE SYSTEM REVENUE BOND,
SERIES 1987

No. SR- _____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That THE TOWN OF MOOREFIELD, a municipal corporation of the State of West Virginia (the "Town"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ (\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (the "Paying Agent"). This Bond bears no interest.

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 as otherwise provided by the Supplemental Loan Agreement, dated as of _____, 19__, between the Town and the Authority.

This Bond is issued to pay costs of acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage system of the Town (the "Project") (said existing system, together with the Project and any further extensions, improvements and betterments thereto, is hereinafter referred to as the "System")[, to fund the Supplemental Reserve Account, as hereinafter defined,] and 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 Code of West Virginia, 1931, as amended (the "Act"), an Ordinance duly enacted by the Council of the Town on the _____ day of _____, 1987, and a supplemental resolution duly adopted by the Council of the Town on the _____ day of _____, 19__ (collectively called

the "Ordinance"), and is subject to all the terms and conditions thereof. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance.

This Bond is issued contemporaneously with the Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Subordinate Bonds") issued in the aggregate principal amount of \$_____, which Subordinate Bonds rank prior with respect to liens and sources of and security for payment to the Bonds of this issue.

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 DATED AS OF JUNE 1, 1963, OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "PRIOR BONDS"); AND THE TOWN'S SEWAGE SYSTEM IMPROVEMENT REVENUE BONDS SERIES A DATED JANUARY 10, 1986 OUTSTANDING AS OF THE DATE HEREOF IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____ (THE "SERIES A BONDS"). THE LIEN ON ACCOUNT OF THIS BOND ON SUCH NET REVENUES IS ALSO JUNIOR, SUBORDINATE AND INFERIOR TO THE LIEN THEREON CREATED ON ACCOUNT OF THE SUBORDINATE BONDS.

This Bond is payable only from and secured by a lien, subordinate only to that of the Prior Bonds, the Series A Bonds and the Subordinate Bonds, on the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System[, moneys in the Supplemental Reserve Account created under the Ordinance (the "Supplemental 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 Town within the meaning of any constitutional or statutory provisions or limitations, nor shall the Town be obligated to pay the same except from said special fund provided from the Net Revenues[, the moneys in the Supplemental Reserve Account] and unexpended Bond proceeds. Pursuant to the Ordinance the Town has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Subordinate Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds and the Subordinate Bonds,

including the Prior Bonds and the Series A Bonds; provided however, that so long as there exists in the Supplemental Reserve Account and in the reserve account for the Subordinate Bonds amounts at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds and on the Subordinate Bonds, respectively, in any year, and the reserve accounts for any such obligations prior to or on a parity with the Bonds or the Subordinate Bonds, including the Prior Bonds and the Series A Bonds, are funded at the respective requirement therefor, such percentage may be reduced to 110%. The Town has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Ordinance. Remedies provided the registered owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

This Bond is transferable, as provided in the Ordinance, only upon the books of _____, _____, West Virginia, as registrar (the "Registrar"), kept for that purpose at the office of the Registrar by the registered owner, or by its attorney or legal representative duly authorized in writing, upon 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 or legal representative duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Ordinance, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond; provided, that such lien on moneys deposited in the Bond Construction Trust Fund created by the Ordinance shall be subordinate to that of the Subordinate 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 Town, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Town for the prompt payment of the principal this Bond.

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

IN WITNESS WHEREOF, THE TOWN OF MOOREFIELD 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 _____, 1987.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

1
This Bond is one of the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above on the date set forth below.

Date: _____

as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

1

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

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

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Original Bonds; Execution of WDA Loan Agreements. The Original Bonds shall be sold to the Authority pursuant to the terms and conditions of the WDA Loan Agreements. Execution and delivery to the Authority of the WDA Loan Agreements by the Mayor and the Recorder are hereby specifically authorized, confirmed and ratified. The WDA Loan Agreements are specifically incorporated in this Ordinance.

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. As a method of providing funds for the acquisition and construction of the Project pending receipt of the Grant Receipts, the Mayor is hereby authorized, if it appears to be in the best interest of the Town, to arrange for a Line of Credit in an amount not to exceed \$500,000. The amount and terms of the Line of Credit and the Line of Credit Agreement shall be approved by a resolution supplemental hereto.

Section 4.02. Authorization of Credit Line Note. For the purpose of evidencing the Town's obligation to repay any draw upon the Line of Credit and thus, of financing a portion of the cost of acquisition and construction of the Project, there shall be issued the Credit Line Note of the Town in an amount, not to exceed \$500,000, and upon such terms as set forth in a resolution supplemental hereto. The Credit Line Note shall be issued in single, fully registered form and shall be dated as of the date of delivery thereof. There shall be attached to the Credit Line Note a Record of Advances and Payments, upon which the date and principal amount of any draw upon the Line of Credit, the date and amount of any payment of principal of the Credit Line Note and the amount of the Credit Line Note outstanding after either of said transactions shall be recorded. Anything to the contrary herein, in the Line of Credit Agreement or therein notwithstanding, the Credit Line Note shall evidence only the outstanding indebtedness recorded on the Record of Advances and Payments attached thereto, and interest shall accrue only on the amount of each advance from the actual date thereof as listed on said Record of Advances and Payments. Each such advance shall bear interest, payable on such dates, at a rate set forth in a supplemental resolution but not to exceed 12 percent per annum. Interest shall cease to accrue on the amount of the Credit Line Note outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Credit Line Note shall mature on such date not to exceed twenty-four (24) months from the date thereof, and shall be subject to such further terms as shall be provided by the Line of Credit Agreement. Notwithstanding the foregoing, the terms of the Credit Line Note,

other than the principal amount thereof, may be modified by resolution supplemental and amendatory hereto, subject to the limits of the Act.

The Credit Line Note shall be payable as to principal upon surrender at the principal office of a registrar, designated in a resolution supplemental hereto, in any coin or currency which on the date of payment of principal is legal tender for the payment of public and private debts under the laws of the United States of America; provided, that any partial payment of principal prior to the final maturity of the Credit Line Note shall be recorded on the Record of Advances and Payments attached to the Credit Line Note, and the Credit Line Note shall be returned to the owner thereof. Interest on the Credit Line Note shall be paid by check or draft mailed to the Owner thereof at the address as it appears on the books of said registrar; provided, that, at the option of the Owner, such payment may be made by wire transfer or such other method as shall be agreeable to the Owner, the Town and said registrar.

Section 4.03. Execution of Credit Line Note. The Credit Line Note shall be executed in the name of the Town by the signature of its Mayor, and the seal of the Town shall be affixed thereto and attested by the signature of the Recorder. Any Credit Line Note may be signed and sealed on behalf of the Town by such person as at the actual time of the execution of such Credit Line Note shall hold the proper office of the Town, although at the date of such Credit Line Note such person may not have held such office or may not have been so authorized.

Section 4.04. Negotiability, Transfer and Registration. Subject to the restrictions on transfer set forth below, the Credit Line Note shall be and have all of the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, and each successive Owner, in accepting the Credit Line Note, shall be conclusively deemed to have agreed that said Credit Line Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Credit Line Note or any portion thereof remains Outstanding, the registrar shall keep and maintain books for the registration and transfer of the Credit Line Note. The Credit Line Note shall be transferable only upon the books of the Town which shall be kept for that purpose at the office of the registrar (in such capacity and in the capacities of authenticating agent and paying agent as hereinafter provided, the "Note Registrar") by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Note Registrar duly executed by the registered owner or his duly authorized attorney. Upon the transfer of the Credit Line Note, there shall be issued at the option of the Owner or the transferee another Credit Line Note

or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Credit Line Note but reflecting only the indebtedness set forth on the Record of Advances and Payments attached thereto and outstanding in the aggregate principal amount equal to the advanced but unpaid amount of the transferred Note as reflected on the Record of Advances and Payments attached thereto.

In all cases in which the privilege of transferring the Credit Line Note is exercised, Credit Line Notes shall only be issued in accordance with the provisions of this Ordinance, as supplemented in connection with the issuance of the Credit Line Note. All Credit Line Notes surrendered in any such transfers shall forthwith be cancelled by the Note Registrar. For every such transfer of Credit Line Notes, the Note Registrar may make a charge sufficient to reimburse its office for any tax, fee or other governmental charge required to be paid with respect to such transfer and the cost of preparing each Credit Line Note upon each transfer, and any other expenses of the Note Registrar incurred in connection therewith, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer. The Note Registrar shall not be obliged to make any such transfer of Credit Line Notes during the ten (10) days preceding an interest payment date on the Credit Line Notes or after notice of any prepayment of the Credit Line Notes has been given.

Section 4.05. Form of Credit Line Note. The text of the Credit Line Note shall be in substantially the form to be set forth in the Line of Credit Agreement, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any supplemental resolution or ordinance adopted or enacted prior to the issuance thereof. The Credit Line Note shall not become valid until authenticated by the Note Registrar.

Section 4.06. Proceeds of Draw Under Line of Credit Agreement. The proceeds of any draw made by the Town under the Line of Credit Agreement shall be immediately deposited in the Construction Trust Fund established with the Depository Bank and expended in accordance with Section 6.02 hereof.

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) Bond Construction Trust Fund.

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

(1) Supplemental Sinking Fund; and

(a) Within the Supplemental Sinking Fund, the Supplemental Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. So long as the Prior Bonds and Series A Bonds are outstanding, the Gross Revenues shall be deposited in the sewer revenue fund established by Section 5 of the Prior Ordinance and continued pursuant to Section 5.01 of the Series A Ordinance (the "Revenue Fund"). So long as any of the Bonds are outstanding the Town covenants that the Gross Revenues shall be deposited in the Revenue Fund created as described above and continued herein and hereby. 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. Moneys in the Revenue Fund shall first be disposed of as provided by Section 5(1) through 5(3) of the Prior Ordinance. After the payments required by Section 5(1) through 5(3) of the Prior Ordinance are made, payment shall be made as provided in Section 5.02 of the Series A Ordinance, provided that the payment provided by Section 5.02 (E)(a) of the Series A Ordinance and the payment required by subsection (C)(1) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then payment shall be made pro rata; further provided that the sinking fund payments required under Section 5.02(E)(b) of the Series A Ordinance and subsection (C)(2) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then the payments shall be made prorata; further provided that the payment required by Section 5.02(F) and the reserve payment required by subsection (C)(3) hereof shall be made simultaneously and without preference and should funds be unavailable to make both payments then shall be paid prorata.

B. From the Revenue Fund, the Town shall first each month pay the current Operating Expenses of the System.

C. (1) Thereafter, from the moneys remaining in the Revenue Fund or, after payment or defeasance of the Prior Bonds, in the Revenue Fund, the Town shall next, on the first day of each month, commencing seven (7) months prior to the first day of payment of interest on the Subordinate 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 sinking fund created by the Series A Ordinance (the "Sinking Fund"), a sum equal to one-sixth ($1/6$) of the amount of interest which will become due on said Subordinate Bonds on the next ensuing semiannual interest payment date, with an adjustment for the first interest payment date from revenues less than seven (7) months after the issuance of the Subordinate Bonds or capitalization of interest as applicable, and shall make the payment provided by Section 5.02(E)(a) of the Series A Ordinance.

(2) The Town shall also, on the first day of each month, commencing thirteen (13) months prior to the first date of payment of principal on the Subordinate Bonds, apportion and set apart out of the Revenue Fund or, after payment or defeasance of the Prior Bonds out of the Revenue Fund, and remit to the Commission for deposit in the Sinking Fund, a sum equal to one-twelfth ($1/12$) of the amount of principal which will mature and become due on said Subordinate Bonds on the next ensuing principal payment date and shall make the sinking fund payment provided by Section 5.02(E)(b) of the Series A Ordinance.

(3) The Town shall next from the Revenue Fund on the first day of each month commencing thirteen (13) months prior to the first date of payment of the Subordinate Bonds, remit to the Commission for deposit in the Reserve Fund created by the Series A Ordinance and continued hereby (the "Reserve Fund") an amount equal to $1/120$ of the Minimum Reserve; provided, that no further payments shall be made into the Reserve Fund when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Once the Reserve Fund has been funded at the Minimum Reserve, the Town shall next remit to the Commission for deposit in the Reserve Fund an amount equal to any deficiency in the Minimum Reserve. Any withdrawals from the Reserve Fund which result in a reduction in the balance of the Reserve Fund to below the Minimum Reserve shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full. The Town shall also, simultaneously with its deposit in the Reserve Fund, make the reserve payment required by Section 5.02(F) of the Series A Ordinance.

(4) Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Subordinate Bonds as the same shall become due. Moneys in the Reserve Fund in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Subordinate Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. All investment earnings on moneys in the Sinking Fund and the Reserve Fund shall be transferred, not less than once

each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter to the Revenue Fund.

(5) The Town shall not be required to make any further payments into the Sinking Fund or into the Reserve Fund therein when the aggregate amount of funds in said Sinking Fund and said Reserve Fund is at least equal to the aggregate principal amount of and interest to come due on the Subordinate Bonds issued pursuant to this Ordinance then Outstanding.

D. (1) The Town shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Supplemental Bonds, apportion and set apart out of the Revenue Fund or, after payment or defeasance of the Prior Bonds, out of the Revenue Fund and remit to the Commission for deposit in the Supplemental Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Supplemental Bonds on the next ensuing principal payment date.

(2) The Town shall next from the Revenue Fund on the first day of each month commencing 13 months prior to the first date of payment of the Supplemental Bonds, remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to 1/120 of the Supplemental Reserve Requirement; provided, that no further payments shall be made into the Supplemental Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Supplemental Reserve Requirement. Once the Supplemental Reserve Account has been funded at the Supplemental Reserve Requirement, the Town shall next remit to the Commission for deposit in the Supplemental Reserve Account an amount equal to any deficiency in the Supplemental Reserve Requirement. Any withdrawals from the Supplemental Reserve Account which result in a reduction in the balance of the Supplemental Reserve Account to below the Supplemental Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments prescribed above have been made in full.

E. (1) As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the Sinking Fund or Supplemental Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Reserve Fund or Supplemental Reserve Account in an amount equal to the respective Reserve Requirement.

(2) The Commission is hereby designated as the fiscal agent for the administration of the Sinking Fund and the Supplemental Sinking Fund created hereunder, and all amounts required for said Supplemental Sinking Fund shall be remitted

to the Commission from the Revenue Fund by the Town at the times provided herein.

(3) The payments into the Supplemental Sinking Fund 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 Ordinance.

F. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amount required to be so transferred and retained and paid into the funds and accounts established by the Prior Ordinance and the Series A Ordinance and into the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues and may be used for any lawful purpose of the System, including for pledge to and payment of the Note.

G. The Town shall remit from the Revenue Fund to the Commission, the Bond Registrar or the Depository Bank, on such dates as the Commission, the Bond Registrar or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges, the Bond Registrar's fees and the Paying Agent fees then due.

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

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

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

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

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS; TRANSFERS AND EXISTING FUNDS

Section 6.01. Application of Original Bond Proceeds. From the moneys 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. If required by the Supplemental Resolution, the amount of the proceeds of the Original Subordinate Bonds specified in the Supplemental Resolution shall be deposited in the Sinking Fund at the Commission and used to pay interest during the period of construction of the Project and for not more than six (6) months after the estimated date of completion of construction of the Project.

B. If required by the Supplemental Resolution, the amount of the proceeds of the Original Bonds which shall be at least sufficient to fund the Reserve Account Requirement and the Supplemental Reserve Requirement shall be first credited to the Bond Construction Trust Fund and then deposited in the Reserve Fund and the Supplemental Reserve Account, respectively, with the Commission; provided, that such amounts shall not exceed in the aggregate ten percent (10%) of the proceeds of the Original Bonds.

C. The remaining moneys derived from the sale of the Original Bonds shall be deposited by the Town in the Bond Construction Trust Fund and applied to the Costs of the Project, including but not limited to payment of the costs of issuance.

Section 6.02. Bond Construction Trust Fund. The Bond Construction Trust Fund shall be kept separate and apart from all other funds of the Town and used and applied by the Town solely for the payment of the Costs of the Project, which include but are not limited to the cost of the issuance of the Original Bonds as well as construction of the Project, as more fully set forth in Section 1.03(F), and for no other purposes whatsoever. Unless invested in Qualified Investments, the moneys in said fund shall be secured at all times by the deposit in the Depository Bank, as security, of direct obligations of the United States of America having a fair market value at least equal to the balance in said fund in excess of the amount insured by the FDIC. Any moneys not needed immediately for said purposes shall be invested in

Qualified Investments having maturities so as to enable the moneys to be available as deemed necessary by the Consulting Engineers and otherwise in accordance Article VIII. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to, such purposes, then such unapplied proceeds (i) shall be used to make up any deficiency in the Reserve Fund or the Supplemental Reserve Account or to fund the Reserve Accounts at the respective requirements therefor; (ii) thereafter, may, during the period of three years from May 22, 1986, be used for construction and acquisition of the remainder of the Project or other capital construction or acquisition needs of the System; and (iii) if the Reserve Accounts are fully funded and no deficiencies exist, shall be deposited by the Town in escrow with an escrow trustee and used to redeem Original Bonds at the first redemption date and, prior thereto, to pay a proportionate amount of principal of the Original Bonds by depositing into the Sinking Fund and the Supplemental Sinking Fund, respectively, an amount which bears the same ratio to the principal coming due in that year as the excess proceeds bore to the initial aggregate principal amount of the Original Subordinate Bonds and the Original Supplemental Bonds, as the case may be. All such proceeds shall constitute a trust fund for such purposes, and there is hereby created a lien upon such moneys until so applied in favor of the Owners of the Original Bonds; provided, that the lien in favor of the Owners of the Original Subordinate Bonds shall be prior to the lien in favor of the Owners of the Original Supplemental Bonds.

Expenditures or disbursements by the Depository Bank from the Bond Construction Trust Fund, except for legal, fiscal and engineering expenses, expenses in connection with the issuance and sale of the Original Bonds and repayment to the Authority of any Step I or Step II loans, shall be made only after such expenditures or disbursements shall have been approved in writing by the Sanitary Board and the Consulting Engineers.

ARTICLE VII

ADDITIONAL COVENANTS OF THE TOWN

Section 7.01. General Covenants of the Town. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Town and shall be enforceable in any court of competent jurisdiction by any Owner or Owners of the Bonds. In addition to the covenants, agreements and provisions of this Ordinance, the Town hereby covenants and agrees with the Owners of the Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable,

except as provided herein, as long as any of said Bonds or the interest thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest on the Note when due, the covenants, agreements and provisions contained in this Ordinance shall, where applicable, also inure to the benefit of the Owners of the Note and any Trustee therefor and constitute valid and legally binding covenants of the Town, enforceable in any court of competent jurisdiction by said Trustee or any Owner or Owners of said Note; provided, that Section 7.04 shall not be applied to the Note.

Section 7.02. Bonds and Notes Not To Be Indebtedness of the Town. Neither the Bonds nor the Notes shall be or constitute a corporate indebtedness of the Town within the meaning of any constitutional, statutory or charter provision or limitation of indebtedness, but shall be payable, with respect to the Bonds, solely from the Net Revenues of the System or from the respective Reserve Account or unexpended Bond proceeds as herein provided or, with respect to the Notes, solely from the specific sources pledged by the Supplemental Resolution, including any indenture provided thereby. No Owner or Owners of any Bonds or Notes issued hereunder shall ever have the right to compel the exercise of the taxing power of the Town 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 the Subordinate Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to the Prior Bonds and on a parity basis with the lien of the Series A Bonds. The payment of the debt service of the Supplemental Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Net Revenues derived from the operation of the System, on a basis junior and subordinate to the Prior Bonds, the Series A Bonds and the Subordinate Bonds. The Net Revenues derived from the System, in an amount sufficient, after paying the principal of and interest on the Prior Bonds and making the payments into the funds and accounts created under the Prior Ordinance, and together with paying the principal of and interest on the Series A Bonds and making the payments into the funds and accounts created under the Series A Ordinance, to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and into the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Bonds as the same become due and for other purposes provided in this Ordinance.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and services rendered by the System will be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Town Recorder, which copies will be open to inspection by all interested parties. The rates and charges shall be effective as prescribed by State statutes and the rules and regulations of the PSC. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created under the Prior Ordinance and the Series A Ordinance and 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 Town hereby covenants and agrees that the schedule of rates or charges for the services of the System from time to time in effect shall be sufficient to provide funds which, along with other revenues of the System, (i) will pay for all Operating Expenses of the System and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year to pay the principal of and interest on the Bonds and all other obligations secured by or payable from the revenues of the System prior to or on a parity with the Bonds, including the Prior Bonds and the Series A Bonds; provided, however, in the event that an amount at least equal to the Reserve Account Requirement is on deposit in the Reserve Account, an amount at least equal to the Supplemental Reserve Requirement is on deposit in the Supplemental Reserve Account and any reserve account for any such prior or parity obligations, including the Prior Bonds and the Series A Bonds, is funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and any such prior or parity obligations, including the Prior Bonds and the Series A Bonds.

Section 7.05. Completion, Operation and Maintenance. The Town will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the revenues of said System in the manner provided in this Ordinance.

Section 7.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net

proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Prior Bonds and Series A Bonds outstanding and the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall first be applied on account of the Prior Bonds and any excess shall, unless otherwise required by the Series A Ordinance, immediately be remitted to the Commission for deposit in the sinking fund for the Series A Bonds, the Sinking Fund and the Supplemental Sinking Fund, and the Town shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of the Series A Bonds and the Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other outstanding Series A Bonds and Bonds. Any balance remaining after the redemption or payment of all the Prior Bonds, Series A Bonds and Bonds and interest thereon shall be remitted to the Town by the Commission unless necessary for the payment of other obligations of the Town payable out of the revenues of the System.

The foregoing provision notwithstanding, the Town shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of \$10,000, the Town shall first, in writing, determine that such property comprising a part of the System is longer necessary, useful or profitable in the operation thereof and the Council may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Prior Renewal and Replacement Fund or the Renewal and Replacement Fund, as the case may be. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of \$10,000 but not in excess of \$50,000, the Sanitary Board shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Council may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the Town and applied on account of the Prior Bonds, with any excess to be remitted to the Commission for deposit in the sinking fund for the Series A Bonds, the Sinking Fund and the Supplemental Sinking Fund and applied only to the redemption or purchase, at prices not greater than the applicable redemption price or, if not redeemable, par, of Series A Bonds and Bonds of the last maturities then

Outstanding (upon receipt of approval of the Authority, if needed) or, otherwise, to the Renewal and Replacement Fund. Such payments of such proceeds on account of the Prior Bonds or the Series A Bonds or in the Sinking Fund and the Supplemental Sinking Fund or the Prior Renewal and Replacement Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Ordinance or of the Prior Ordinance or the Series A Ordinance.

No sale, lease, or other disposition of the properties of the System shall be made by the Town if the proceeds to be derived therefrom shall be in excess of \$50,000 and insufficient to pay or redeem prior to maturity all the Prior Bonds then outstanding and the Series A Bonds and Bonds then Outstanding; provided, the prior approval and consent in writing of the Owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66 2/3%) in amount of the Bonds then Outstanding may be obtained for such purpose. The Town shall prepare the form of such approval and consent for execution by the then Owners of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances. The Town shall not issue any other obligations whatsoever, except Parity Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided for in Section 7.08. All obligations hereafter issued by the Town payable from the revenues of the System, except such additional Parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Bonds to the extent such are Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account, the Supplemental Reserve Account 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 Town shall not create or cause or permit to be created any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said Parity Bonds, being on a parity with the respective liens of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided. Except as expressly provided herein, no Parity Subordinate Bonds shall be issued so long as any Supplemental Bond remains Outstanding.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the extensions, improvements and betterments to the System or refunding all or a part of one or more issues or series of Bonds or both such purposes.

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

(A) The Prior Bonds, the Series A Bonds and any other obligations secured by or payable from the Revenues prior to or on a parity with the Bonds.

(B) The Bonds then Outstanding;

(C) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(D) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three (3) succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any increase in rates enacted by the Town, the time for appeal of which shall have expired without any successful appeal or rehearing prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the twelve (12) consecutive month period hereinabove

referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Town, the time for appeal of which shall have expired without any successful appeal or rehearing prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Town shall have entered into written contracts for the immediate acquisition or construction of such extensions, improvements and betterments to the System which are to be financed by such Parity Bonds.

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

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

Parity Bonds shall not be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this Ordinance on account of the Bonds then

Outstanding, and any other payments provided for in this Ordinance, shall have been made in full as required to the date of delivery of the Parity Bonds.

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

With the written consent in advance of the Authority and anything to the contrary in Section 7.07 and in this Section 7.08 notwithstanding, both Parity Subordinate Bonds and Parity Supplemental Bonds may be authorized and issued by the Town pursuant to a Supplemental Resolution solely to complete the Project as described in the Town's Program application to the Authority as of the date of the WDA Loan Agreements and in accordance with the plans and specifications, in the event that the Original Bonds should be insufficient, together with other funds lawfully available therefor, to pay all costs of acquisition and construction of the Project; provided, however, that, prior to the issuance of such Parity Bonds and under the provisions of this paragraph, the Consulting Engineers shall file with the Recorder a certificate to the effect that additional funds are necessary for such purpose. All such Parity Bonds authorized and issued under the provisions of this paragraph shall be limited to the aggregate principal amount required to make up any deficiency in funds for payment of the construction costs to complete the Project, and the maturities of any such Parity Bonds shall be in years and amounts suggested by the Authority.

Section 7.09. Insurance. The Town will carry such insurance and in such amounts as is customarily carried with respect to works and properties similar to the System, with a reputable insurance carrier or carriers, against loss or damage by fire, explosion, hurricane, earthquake, cyclone, occupancy or other hazards and risks. The Town will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority, so long as the Authority is the Owner of the Original Bonds. The Town 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 Town, the Authority, the prime

contractor and all subcontractors as their interests may appear, in accordance with the WDA Loan Agreements, during construction of the Project in the full insurable value thereof. In time of war, the Town shall also carry in said amount such insurance as may be available against loss or damage by the risks and hazards of war. The proceeds of all such insurance policies shall be disposed of as provided in the Prior Ordinance and otherwise shall pro rata be disposed of as provided in the Prior Ordinance and be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Town will also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The Town shall carry such other insurance as is 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.

Section 7.10. Services Rendered to the Town. The Town will not render or cause to be rendered any free services of any nature by its System; and in the event the Town, or any department, agency, instrumentality, officer or employee of the Town, shall avail itself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Town and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the Town shall transfer from its general funds sufficient sums to pay such charges for services to any of its departments or properties. The revenues so received shall be deemed to be Revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.11. Enforcement of Collections. The Town will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the laws of the State and the rules and regulations of the PSC. All such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

Whenever any rates, rentals or charges for the services 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. The Town further covenants and agrees that it will, to the full extent permitted by applicable law and the rules and regulations promulgated by the PSC, discontinue and shut off the services and facilities of the System and, in the event the Town owns a water facility (the "Water System"), the Water System to all users of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System have been paid in full.

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

Section 7.13. Books and Records. The Town will keep books and records of the System, which shall be separate and apart from any other books, records and accounts of the Town, in which complete and correct entries shall be made of all transactions relating to the System, and any Owner of a Bond or Bonds or of a Note or Notes issued pursuant to this Ordinance 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 Town relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles in accordance with the rules and regulations of the PSC and the Act. Separate control accounting records shall be maintained by the Town. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Town. The Town shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Town shall be reported to such agent of the Town as the Council shall direct.

The Town shall file with the Consulting Engineers, the Trustee and the Authority, and shall mail in each year to any Owner or Owners 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 Ordinance and

the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

The Town shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Owner or Owners of Bonds or Notes, as the case may be, and shall submit said report to the Authority and the Trustee. The report of said audit shall include a statement that the Town is in compliance with the terms and provisions of the WDA Loan Agreements and this Ordinance.

Section 7.14. Operating Budget. The Town shall annually, at least forty-five (45) days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Council 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 further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Town shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Trustee and to any Owners of any Bonds or Notes, as the case may be, who request in writing that copies of all such budgets and resolutions be furnished and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Owners of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Owners of any Bonds or Notes, as the case may be.

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. 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 7.17. 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 7.18. 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 7.19. 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 7.20. 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 7.21. Rebate Covenant. The Town is a governmental unit with general taxing powers to finance operations of or facilities of the nature of the Project and the System. As covenanted pursuant to Sections 7.17 and 7.18, the Original Bonds are not private activity bonds within the meaning of the Code, and 95% or more of the net proceeds (as defined with respect to the Code) of the Original Bonds will be used for local governmental activities of the Town. The Town reasonably expects it and all its subordinate entities to issue less than \$5,000,000 in aggregate face amount of tax-exempt bonds (other than private activity bonds) during the calendar year, being 1987, in which the Original Bonds are to be

issued. Therefore, the Town believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the Town is in fact subject to such rebate requirement, the Town hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates. In the event the Town fails to make such rebates as required, the Town 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.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Except as otherwise specifically provided, any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, including but not limited to those in the Bond Construction Trust Fund, and used for the purpose of such fund or account. The interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Interest earnings on the Sinking Fund, including the Reserve Account therein, and on the Supplemental Sinking Fund, including the Supplemental Reserve Account therein, shall be transferred at least annually, prior to completion of the Project, to the Bond Construction Trust Fund and, thereafter, to the Prior Revenue Fund or the Revenue Fund, as the case may be. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the Owner, including the value of accrued interest and giving effect to the amortization of discount. Investments in the "consolidated fund" of the West Virginia Board of Investments shall be valued at par. The Commission or the Depository Bank, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank shall sell and reduce to cash a sufficient

amount of such investments whenever the cash balance in any account is insufficient to make the payments required from such fund or account, regardless of the loss of such liquidation. Such Depository Bank may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Restrictions as to Arbitrage Bonds. The Town shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Town to be used directly or indirectly 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 Code, and the Mayor of the Town shall deliver his certificate, based upon this covenant, with regard thereto.

Section 8.03 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. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

(B) If default occurs in the Town's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Ordinance, the Supplemental Resolution or the Bonds, and such default shall have continued for a period of 30 days after the Town shall have been given written notice of such default by the Depository Bank holding any fund or account hereunder or an Owner of a Bond; or

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

An "Event of Default" with respect to the Bonds shall not constitute an event of default with respect to the Notes and vice versa.

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

Section 9.03. Appointment of Receiver. Any Owner of a Bond may, by proper legal action, compel the performance of the duties of the Town under this Ordinance and the Act, including the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there is any default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in this Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice of the Town of such default, any Owner shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System on behalf of the Town with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Ordinance and the Act.

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

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

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

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

The receiver shall recognize that the lien of the Subordinate Bonds is prior and superior to that of the Supplemental Bonds, that the lien of any outstanding Series A Bonds is equal to that of the Subordinate Bonds and that the lien of any outstanding Prior Bonds is prior and superior to that of the Bonds, and shall act accordingly.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance. If the Town shall pay or cause to be paid, or there shall otherwise be paid, to the respective Owners of any Bonds the principal thereof, and redemption premium, if applicable, and any interest due or to become due thereon, at the times and in the manner respectively stipulated therein and in this Ordinance, then the respective pledges of Net Revenues, reserve accounts, unexpended Bond proceeds, and any other moneys and securities pledged under this Ordinance, and all covenants, agreements and other obligations of the Town to the Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent and the Commission shall, upon the request of the Town, execute and deliver to the Town all such instruments as may be desirable to evidence such discharge and satisfaction, and any fiduciaries shall pay over or deliver to the Town all moneys, securities and funds held by them pursuant to this Ordinance which are not required for the payment of redemption.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due, whether by maturity or redemption, the respective principal of, redemption premium, if any, and interest on such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. If there shall have been deposited with the Commission either moneys in an amount which shall be sufficient or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Commission at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of, redemption premium, if any, and interest on said Bonds on and prior to the maturity or redemption dates, as applicable, thereof, such Bonds shall also be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the respective principal of and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts

sufficient to pay when due the respective principal of and interest to become due on said Bonds on and prior to such redemption date or maturity dates thereof as the case may be, and interest earned from such investments shall be paid over the Town, as received by the Commission, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations. Also for the purposes of the section, the Commission may act by an agent.

Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Commission or any of its agents in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Commission at such date, or for two years after the date of deposit of such moneys if deposited with the Commission after said date when such Bonds became due and payable, shall, at the written request of the Town, be repaid by the Commission to the Town, as its absolute property and free from trust, and the Commission shall thereupon be released and discharged with respect thereto, and the Bondholders shall look only to the Town for the payment of such Bonds; provided, however, that before being required to make any such payment to the Town, the Commission shall, at the expense of the Town, mail to the registered owner of the particular Bond and cause to be published at least once in a financial journal or newspaper published daily (except Saturday, Sunday and holidays) in the English language and in circulation in New York, New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of the publication of such notice, the balance of such moneys then unclaimed will be returned to the Town.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification of amendment of this Ordinance, or of any ordinance or resolution amendatory hereof or supplemental hereto that would materially and adversely affect the respective rights of Owners of the Bonds shall be made without the consent in writing of the Owners of two-thirds percent (2/3%) or more in principal amount of the Primary Bonds and of the Supplemental Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional

promise of the Town to pay such principal and interest out of the revenues of the System without the consent of the respective Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications.

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

Section 11.03. Repeal of Conflicting Ordinance. All ordinances, orders or resolutions, or parts thereof, in conflict with this Ordinance are, to the extent of such conflict, repealed; provided, that no provision of the Prior Ordinance or the Series A Ordinance shall be repealed hereby so long as the Prior Bonds and the Series A Bonds are outstanding. So long as any of the Prior Bonds or the Series A Bonds is outstanding, in the event of an otherwise irreconcilable conflict between the Prior Ordinance or the Series A Ordinance and this Ordinance, the Prior Ordinance or the Series A Ordinance, as the case may be, shall govern; provided, that a conflict shall be deemed reconcilable if satisfaction of the more conservative provision at least complies with the conflicting provision.

Section 11.04. Covenant of Due Procedure. The Town covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the final enactment and passage of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State applicable thereto; and that the Mayor, Recorder and members of the Town Council were at all times when any actions in connection with this Ordinance occurred, and are, duly in office and duly qualified for such office.

Section 11.05. Effective Date. This Ordinance shall take effect after notice and public hearing hereon and otherwise in accordance with the Act.

First Reading:

October 27, 1987

Second Reading and Passage:

November 3, 1987

Public Hearing and
Effective Date:

November 16, 1987

THE TOWN OF MOOREFIELD,
WEST VIRGINIA

30. April
Mayor

ATTEST:

[SEAL]

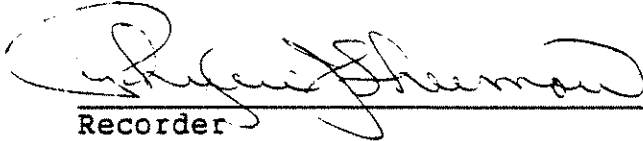

Recorder

Exhibit A
Loan Agreement

Supplemental Resolution
re Bond and Line of Credit Ordinance (Sewer)

A Resolution supplementing the Ordinance passed by the Council of the Town of Moorefield on November 3, 1987, and effective November 16, 1987; providing as to principal amounts, maturities, interest rate and other terms of the Subordinate Sewerage System Revenue Bonds, Series 1987, and Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town of Moorefield; designating a registrar and depository bank; and making other provisions with respect to the Bonds and authorizing the irrevocable line of credit.

WHEREAS, the Council (the "Council") of the Town of Moorefield, West Virginia (the "Town"), has duly and effectively passed as of November 3, 1987 and effective November 11, 1987, an Ordinance (the "Ordinance"), entitled:

An Ordinance supplementing an ordinance passed by the Council of the Town of Moorefield, West Virginia, on June 14, 1983, entitled "Ordinance authorizing the issuance of up to \$500,000 in aggregate principal amount of Sewerage System Revenue Bonds, Series A and up to \$3,000,000 in aggregate principal amount of Sewerage System Construction Notes, Series 1983, of the Town of Moorefield to finance construction of the improvements to a sewerage system"; authorizing the acquisition and construction of certain extensions, improvements and betterments to the existing public sewerage facilities of the Town of Moorefield; authorizing issuance of not more than \$225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than \$75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town of Moorefield to be used, along with other funds and moneys of or available to the Town of Moorefield that may be lawfully expended for such purposes, to finance the cost of such acquisition and construction; providing for the sale of such Bonds to the West Virginia Water Development Authority and for the rights and remedies of an security for the registered owners of

such Bonds; authorizing an irrevocable line of credit in an amount not to exceed \$500,000 to provide funds for such acquisition and construction pending the receipt of certain grant proceeds; and enacting other provisions relating thereto.

and

WHEREAS, capitalized terms used and not otherwise defined in this Supplemental Resolution have the respective meanings given them in the Ordinance; and

WHEREAS, the Ordinance provides for the issuance of not more than \$225,000 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987, and not more than \$75,000 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987, of the Town (the "Bonds"), and the sale of the Bonds pursuant to the terms of the Loan Agreement and the Supplemental Loan Agreement, both dated October 15, 1987, entered into between the Town and the West Virginia Water Development Authority (the "Authority"); and

WHEREAS, in the Ordinance, it is provided that the principal amounts, maturities, interest rate and other terms of the Bonds should be established by a Supplemental Resolution and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for; and

WHEREAS, the Ordinance also authorizes the issuance of a note to evidence the Town's obligation to repay any draws on an irrevocable line of credit amount not to exceed \$500,000 (the "Credit Line Note"); and

WHEREAS, the Council deems that it is in the best interest of the Town to issue the Credit Line Note at this time; and

WHEREAS, the Council deems it essential and desirable that this resolution (the "Supplemental Resolution") be adopted and that the principal amounts, maturities, interest rate, and other terms of the Bonds be fixed hereby in the manner stated herein and that approval of Schedule X to the Loan Agreement and the Supplemental Loan Agreement and other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, Be It Resolved by the Council of the Town of Moorefield West Virginia, as follows:

(1) Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), of the Town in the aggregate principal amount of \$156,720 and the Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), of the Town in the aggregate principal amount of \$38,440, all in the form and having the provisions set forth below and in the Ordinance.

(a) The Subordinate Bonds shall be originally issued in the form of a single bond, numbered R-1, fully registered to the Authority, in the principal amount of \$156,720. The Subordinate Bonds shall be dated the date of delivery thereof; shall bear interest at the rate of 8.38 percent per annum, payable semiannually on April 1 and October 1 of each year, beginning April 1, 1988; shall be subject to redemption only with the written consent of the Authority and upon payment of the interest and redemption premium, if any, and subject to the other requirements and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Subordinate Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Loan Agreement "Schedule X" attached as Exhibit A hereto, specifically approved hereby and incorporated herein by reference.

(b) The Supplemental Bonds shall be originally issued in the form of a single bond, numbered SR-1, fully registered to the Authority, in the principal amount of \$38,440. The Supplemental Bonds shall be dated the date of delivery thereof; shall bear no interest; shall be subject to redemption only with the written consent of the Authority and otherwise in compliance with the Supplemental Loan Agreement so long as the Authority shall be the registered owner of the Supplemental Bonds; and shall mature in principal installments on October 1 of each of the years from 1989 through 2026, inclusive, in the amounts set forth in Supplemental Loan Agreement "Schedule X" attached as Exhibit B hereto, specifically approved hereby and incorporated herein by reference.

(c) The Bonds shall be sold to the Authority at the price of 100 percent of par, there being no accrued interest.

(2) All other provisions relating to the Bonds shall be as provided in the Ordinance, and the Bonds shall be in substantially the respective forms provided in the Ordinance, with such changes, insertions and omissions as may be approved by the Mayor of the Town. The execution of the Bonds by the Mayor shall be conclusive evidence of such approval.

(3) The Town does hereby ratify, approve and accept the Loan Agreement and the Supplemental Loan Agreement, including the "Schedule X" attached to each, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the Loan Agreement and the Supplemental Loan Agreement, and the performance of the obligations contained therein, on behalf of the Town have been and are hereby authorized, approved and directed.

(4) The Town hereby appoints and designates South Branch Valley National Bank, Moorefield, West Virginia, as the Depository Bank.

(5) The Town hereby instructs the Depository Bank to deposit the proceeds of the Bonds in time certificates of deposit as are described in Section 1.01(TT) of the Ordinance and to continue such investments until instructed otherwise by the Council.

(6) The Town hereby appoints and designates One Valley Bank, National Association, Charleston, West Virginia, as the Registrar. The Mayor is hereby authorized and directed to execute and deliver the Registrar's Agreement in substantially the form attached as Exhibit C hereto and incorporated herein by reference, with such changes, insertions and omissions as may be approved by the Mayor. The execution of the Registrar's Agreement by the Mayor shall be conclusive evidence of such approval.

(7) The Mayor and Recorder and other appropriate officers and employees of the Town and the Sanitary Board are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the issuance of the Bonds.

(8) The Council hereby determines not to pay interest on the Subordinate Bonds with proceeds of the Subordinate Bonds. Accordingly, the Town hereby directs that no proceeds of the Bonds be deposited with the West Virginia Municipal Bond Commission.

(9) The Council hereby determines not to fund the Reserve Account or the Supplemental Reserve Account. Accordingly, the Town hereby directs that no proceeds of the Bonds be placed in said reserve accounts.

(10) The Council hereby determines that it is appropriate at this time to enter into the irrevocable line of credit in an amount not to exceed \$500,000 and with such other terms as are set forth in the Ordinance. The Mayor and Recorder of the Town are hereby authorized to enter into a line

of credit agreement with the South Branch Valley National Bank and to execute the line of credit agreement and such other documents and certificates required or desirable in connection with the issuance of the line of credit.

(11) The Town has general taxing powers to finance operations of or facilities of the nature of the System; 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the Town; and the aggregate face amount of all tax-exempt bonds (other than "private activity bonds") issued by the Town and all subordinate entities thereof during the calendar year 1987 (being the calendar year in which the Bond is being issued), excluding any tax-exempt bond which is not outstanding at the time of a later issue or which is paid or redeemed with the net proceeds of a later issue, is not reasonably expected to exceed \$5,000,000.

(12) The Town and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year 1987 and hereby designate the note or notes issued pursuant to the irrevocable line of credit agreement as "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as it may hereafter be amended.

(13) The financing of the Project in part with the proceeds of the Bonds is in the public interest, serves a public purpose of the Town and will promote the health, welfare and safety of the residents of the Town.

(14) This Supplemental Resolution shall be effective immediately upon adoption.

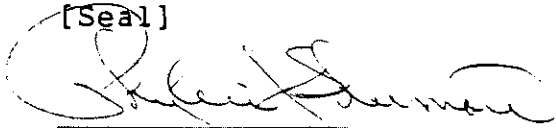
Resolution adopted November 16, 1987

TOWN OF MOOREFIELD,
WEST VIRGINIA

By: T. Kuykendall
Larry Kuykendall, Mayor

ATTEST:

[Seal]


Phyllis J. Sherman, Recorder

WDA-5X
(October 1986)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 156,720
Purchase Price of Local Bonds \$ 156,720

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semi-annual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 8.38 % 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:

\$245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds, Series A issued January 10, 1986

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:

\$145,000 Sewerage Revenue Bonds dated January 1, 1963

EXHIBIT A

FORM OF DISBURSEMENT - SEWER
ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUER
----- 1986 SERIES A BONDS -----

PERIOD ENDING	10/1 COUPON PRIN.	INTEREST	SERVICE
1988	8.38		11,637.42
1989	8.38	647	13,133.14
1990	8.38	702	13,078.92
1991	8.38	761	13,020.09
1992	8.38	824	12,956.32
1993	8.38	893	12,887.27
1994	8.38	968	12,812.43
1995	8.38	1,049	12,731.32
1996	8.38	1,137	12,643.41
1997	8.38	1,233	12,548.13
1998	8.38	1,336	12,444.80
1999	8.38	1,448	12,332.85
2000	8.38	1,569	12,211.50
2001	8.38	1,701	12,080.02
2002	8.38	1,843	11,937.48
2003	8.38	1,998	11,783.03
2004	8.38	2,165	11,615.60
2005	8.38	2,346	11,434.17
2006	8.38	2,543	11,237.58
2007	8.38	2,756	11,024.43
2008	8.38	2,987	10,793.52
2009	8.38	3,237	10,543.21
2010	8.38	3,509	10,271.95
2011	8.38	3,803	9,977.90
2012	8.38	4,121	9,659.21
2013	8.38	4,467	9,313.87
2014	8.38	4,841	8,939.53
2015	8.38	5,247	8,533.86
2016	8.38	5,686	8,094.16
2017	8.38	6,163	7,617.67
2018	8.38	6,679	7,101.21
2019	8.38	7,239	6,541.51
2020	8.38	7,846	5,934.88
2021	8.38	8,503	5,277.39
2022	8.38	9,216	4,564.94
2023	8.38	9,988	3,792.54
2024	8.38	10,825	2,955.54
2025	8.38	11,732	2,048.41
2026	8.38	12,712	1,065.27

156,720 378,576.43 535,296.43

EXHIBIT I

WDA-Supp. 5X
(November 1985)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

Principal Amount of Supplemental Bonds	\$ <u>38,440</u>
Purchase Price of Supplemental Bonds	\$ <u>38,440</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.

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, other than the Local Bonds:

\$145,000 Sewer Revenue Bonds dated June 1, 1963

\$245,569 Town of Moorefield, West Virginia Sewerage System Improvement Revenue Bonds Series A issued January 10, 1986

EXHIBIT B

TOWN OF MOOREFIELD - SEWER
 ANALYSIS OF 7.00% BORROWING COST FOR LOCAL ISSUES
 ----- 1986 SERIES A BONDS -----

PERIOD ENDING 10/1 -----	ZERO COUPON BONDS -----
	.00
1988	.00
1989	1,011.54
1990	1,011.53
1991	1,011.58
1992	1,011.58
1993	1,011.58
1994	1,011.58
1995	1,011.58
1996	1,011.58
1997	1,011.58
1998	1,011.58
1999	1,011.58
2000	1,011.58
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2011	1,011.58
2012	1,011.58
2013	1,011.58
2014	1,011.58
2015	1,011.58
2016	1,011.58
2017	1,011.58
2018	1,011.58
2019	1,011.58
2020	1,011.58
2021	1,011.58
2022	1,011.58
2023	1,011.58
2024	1,011.58
2025	1,011.58
2026	1,011.58

 38,440

EXHIBIT I

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of November, 1987, by and between the TOWN OF MOOREFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Governmental Agency"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Governmental Agency has contemporaneously with the execution hereof issued and sold its \$156,720 in aggregate principal amount of Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Subordinate Bonds"), in the form of one bond numbered R-1, and its \$38,440 in aggregate principal amount of Supplemental Subordinate Sewerage System Revenue Bonds, Series 1987 (the "Supplemental Bonds"), in the form of one bond numbered SR-1, and both in fully registered form (collectively, the "Bonds"), pursuant to the Ordinance, passed by the Council of the Town on November 3, 1987, as supplemented on November 16, 1987 (the "Ordinance");

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

WHEREAS, the Ordinance provides for the appointment by the Governmental Agency of a Registrar for the Bonds; and

WHEREAS, the Governmental Agency desires to appoint, and by the Ordinance and this Registrar's Agreement does appoint, the Registrar to act as registrar under the Ordinance and to take certain other actions hereinafter set forth;

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

1. Upon the execution of this Registrar's Agreement by the Governmental Agency and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Ordinance, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Subordinate 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 Governmental Agency advises it of and with generally accepted industry standards.

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

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Governmental Agency hereby agrees to pay \$500 to the Registrar upon the execution of this Registrar's Agreement and from time to time 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 Ordinance with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Ordinance, the terms of the Ordinance shall govern.

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

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

GOVERNMENTAL AGENCY

Town of Moorefield
206 Winchester Avenue
Moorefield, West Virginia 26836
Attention: Mayor

REGISTRAR:

One Valley Bank, National Association
Summers and Lee Streets
Box 1793
Charleston, West Virginia 25326
Attention: Corporate Trust Department

IN WITNESS WHEREOF, the TOWN OF MOOREFIELD, 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 MOOREFIELD

By: Larry Kuykendall, Mayor

ONE VALLEY BANK,
National Association

By: _____
Its: _____