

**City of New Martinsville
Waterworks and Sewerage System
Revenue Bonds, Series 1997 A, Series 1997 B
and Series 1997 C**

March 13, 1997

**CITY OF NEW MARTINSVILLE WATERWORKS
AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1997 A, SERIES 1997 B AND SERIES 1997 C**

INDEX

	<u>PAGE</u>
ARTICLE I	1
STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS	1
Section 1.01. Authority of this Ordinance	1
Section 1.02. Definitions	1
Section 1.03. Ordinance Constitutes Contract	12
Section 1.04. Findings	12
ARTICLE II	16
AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM AND REFUNDING OF PRIOR BONDS	16
Section 2.01. Authorization of Extensions, Additions, Betterments and Improvements	16
Section 2.02. Authorization of Refunding of Prior Bonds	16
ARTICLE III	17
AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS	17
Section 3.01. Authorization and Terms of Original Bonds	17
Section 3.02. Execution of Bonds	18
Section 3.03. Authentication and Registration	18
Section 3.04. Negotiability, Transfer and Registration	18
Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost	19
Section 3.06. Bonds not to be Indebtedness of the City	19
Section 3.07. Bonds Secured by Pledge of Gross Revenues	19
Section 3.08. Form of Original Bonds	20
Section 3.09. Sale of Original Bonds; Ratification and Execution of Loan Agreements	42
Section 3.10. Certificate of Consulting Engineers	42
Section 3.11. Amended Schedule A Filing	42

ARTICLE IV	43
LINE OF CREDIT	43
Section 4.01. Authorization of Line of Credit	43
Section 4.02. Authorization of Note	43
Section 4.03. Execution of Note	44
Section 4.04. Negotiability, Transfer and Registration	44
Section 4.05. Form of Note	44
Section 4.06. Security for Note	44
Section 4.07. Notes are Special Obligations	45
Section 4.08. Note Payment Fund	45
Section 4.09. Conversion to Long-Term Obligation	45
Section 4.10. Line of Credit Bonds	46
Section 4.11. Draws upon Line of Credit	46
Section 4.12. Line of Credit Construction Trust Fund	46
Section 4.13. Line of Credit Bond Proceeds	47
Section 4.14. Note and Line of Credit Bonds Secured by Ordinance	47
Section 4.15. Covenants with Owner of Note	47
Section 4.16. Required Notices to Note Depository and Owner of Note	48
Section 4.17. Bond Anticipation Notes	48
Section 4.18. Events of Default	48
Section 4.19. Remedies	49
Section 4.20. Appointment of Receiver	49
Section 4.21. Modification or Amendment	49
Section 4.22. The Bank	50
Section 4.23. Note Depository	50
Section 4.24. Note Registrar	50
Section 4.25. Notice to Authority and DEP	50
ARTICLE V	51
SYSTEM REVENUES AND APPLICATION THEREOF	51
Section 5.01. Establishment of Funds and Accounts with Depository Bank	51
Section 5.02. Establishment of Funds and Accounts with Commission	51
Section 5.03. System Revenues; Flow of Funds	51
Section 5.04. Excess Bond Proceeds	54
ARTICLE VI	55
APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS	55
Section 6.01. Application of Original Bond Proceeds	55
Section 6.02. Disbursements From the Bond Construction Trust Fund	55
ARTICLE VII	57
ADDITIONAL COVENANTS OF THE CITY	57
Section 7.01. General Covenants of the City	57

Section 7.02. Bonds not to be Indebtedness of the Issuer	57
Section 7.03. Bonds Secured by Pledge of Gross Revenues	57
Section 7.04. Rates	57
Section 7.05. Completion, Operation and Maintenance; Schedule of Cost ..	58
Section 7.06. Sale of the System	58
Section 7.07. Issuance of Other Obligations Payable out of Revenues and General Covenant Against Encumbrances	59
Section 7.08. Parity Bonds	60
Section 7.09. Insurance and Construction Bonds	61
Section 7.10. Consulting Engineers	62
Section 7.11. Compliance With Loan Agreement, Rules and Regulations ..	62
Section 7.12. No Free Services	63
Section 7.13. Enforcement of Collections	63
Section 7.14. No Competing Franchise	63
Section 7.15. Books, Records and Facilities	63
Section 7.16. Operating Budget	65
Section 7.17. Mandatory Connection	66
Section 7.18. Compliance with Loan Agreements	66
Section 7.19. Tax Covenants	66
Section 7.20. Statutory Mortgage Lien	67
Section 7.21. Rebate Covenant	67
ARTICLE VIII	69
INVESTMENT OF FUNDS; NON-ARBITRAGE	69
Section 8.01. Investments	69
Section 8.02. Arbitrage	69
Section 8.03. Tax Certificate and Rebate	69
Section 8.04. Restriction of Yield and Bond Proceeds	71
ARTICLE IX	72
DEFAULT AND REMEDIES	72
Section 9.01. Events of Default	72
Section 9.02. Remedies	72
Section 9.03. Appointment of Receiver	72
ARTICLE X	74
DEFEASANCE	74
Section 10.01. Defeasance of Bonds	74
Section 10.02. Defeasance of Notes	74
ARTICLE XI	75
MISCELLANEOUS	75
Section 11.01. Modification or Amendment	75
Section 11.02. Severability of Invalid Provisions	75
Section 11.03. Repeal of Conflicting Ordinances	75

Section 11.04. Covenant of Due Procedure	75
Section 11.05. Abstract of Ordinance and Notice of Public Hearing	75
Section 11.06. Effective Date	76

Exhibit A - Project Description

Exhibit B - Loan Agreements

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

Introduced in Council
on the 11th day of February, 1997

Introduced by
Honorable Richard P. Snyder, Mayor

Passed by Council
on the 18th day of February, 1997

An Ordinance authorizing the refunding of the Waterworks and Sewerage System Revenue Bonds, Series 1995 and authorizing the acquisition and construction of certain extensions, additions, betterments and improvements to the wastewater treatment facility portion of the combined waterworks and sewerage system of the City of New Martinsville; authorizing the issuance of three separate series of Waterworks and Sewerage System Revenue Bonds of the City of New Martinsville in aggregate principal amount not to exceed \$8,000,000 to be used, along with other funds and moneys of, or available to, the City of New Martinsville which may be lawfully expended for such purposes, to effect the refunding and to finance the cost of such acquisition and construction, to fund reserve accounts for such bonds, and to pay other costs in connection therewith; authorizing a revolving line of credit in an amount not to exceed \$1,000,000 to provide funds for such acquisition and construction to the extent bond proceeds, grant receipts or other funds are not timely available therefore, and an agreement with respect to said Line of Credit; authorizing issuance of a combined waterworks and sewerage system construction note of the City of New Martinsville in the stated principal amount not to exceed \$1,000,000 to evidence the City's obligation to repay any draws upon said Line of Credit; providing for the rights and remedies of and security for the owners of such bonds and note; authorizing execution and delivery of all documents relating to the issuance of such bonds; approving, ratifying and confirming a loan agreement or loan agreements relating to such bonds; and adopting other provisions related thereto.

Be It Ordained by the Common Council of the City of New Martinsville, West Virginia:

ARTICLE I

STATUTORY AUTHORITY, DEFINITIONS AND FINDINGS

Section 1.01. Authority of this Ordinance. This Ordinance is enacted pursuant to the provisions of Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. "Act" shall mean collectively Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended and in effect on the date of enactment of this Ordinance.

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

C. "Bank" shall mean the bank set forth in a resolution supplemental hereto.

D. "Board" shall mean the Water and Sanitary Sewer Board of the City, as created and appointed by ordinance enacted by the Council of the City pursuant to the provisions of Section 18 of the Act, and any successor thereto.

E. "Bond Act" means Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

F. "Bond Construction Trust Fund" shall mean the fund created by Section 6.01 hereof.

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

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

I. "Bond Year" shall mean 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.

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

K. "Certificate of Authentication and Registration" means the certificate of authentication and registration on the Bonds in substantially the form set forth in the Bond Forms contained herein.

L. "City" shall mean the City of New Martinsville, a municipal corporation of the State of West Virginia, and, when appropriate, also means the Council thereof and any

department, board, organization or institution thereof in control of the management and operation of the System, as hereinafter defined.

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

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

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

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

Q. "Consulting Engineers" shall mean Burgess & Niple, Ltd., Consulting Engineers, Parkersburg, West Virginia, or any engineer or firm of engineers which shall at any time hereafter be retained by the City as Consulting Engineers for the System.

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

S. "Council" shall mean the Common Council of the City.

T. "Debt Service" shall mean the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

U. "DEP" shall mean 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 the function of the DEP.

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

W. "Excess Investment Earnings" shall mean an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment earnings] had been equal to the Yield on the Bonds, plus

(B) Any income attributable to the excess described in clause (A) of this definition of Excess Investment Earnings.

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

Y. "Fund" shall mean the "West Virginia Water Pollution Control Revolving Fund" established by the State, administered by the DEP and funded by capitalization grants awarded to the State pursuant to the federal Clean Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the construction, acquisition and improvement of wastewater treatment facilities.

Z. "Grant" shall mean any grant or grants received by the City in aid of the cost of the design, acquisition and construction of the Project.

AA. "Grant Agreement" shall mean 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 repaid to the City.

BB. "Grant Receipts" shall mean all monies received by the City on account of any Grant.

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

DD. "Gross Proceeds" means the sum of the following amounts:

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Original Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Original Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Original Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior obligations and which are deemed to become proceeds of the Original Bonds ratably as original proceeds of the Original Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds [as referenced in clauses (i) through (iii) above] of the Original Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

(v) Amounts in the Original Bonds and in any other fund established as a reasonably required reserve or replacement fund;

(vi) Investment Property pledged as security for payment of Debt Service on the Original Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Original Bonds; and

(viii) Amounts received as a result of investing amounts described in this definition.

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

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

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

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

HH. "Infrastructure Council Act" means Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

II. "Investment Property" shall mean any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property or residential rental property for family units which is not located within the jurisdiction of the city 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.

JJ. "Line of Credit" shall mean the revolving line of credit established for the City by the Bank in an amount not to exceed \$1,000,000.

KK. "Line of Credit Agreement" shall mean the agreement to be approved as to form and substance by the Supplemental Resolution establishing the Line of Credit with the Bank.

LL. "Line of Credit Bonds" shall mean the not more than \$1,000,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, authorized by Section 4.10 to be issued, if necessary, to pay the principal of and interest on the Note.

MM. "Loan Agreement" or "Loan Agreements" shall mean (a) the Water Pollution Control Revolving Fund Loan Agreement by and among the Authority, the DEP and the City providing for the purchase of the Series A Bonds from the City by the

Authority, and/or, as the case may be, (b) the Loan Agreement or Loan Agreements to be entered into between the Authority and the City, pursuant to which the Authority shall agree, subject to the City's satisfying certain legal, engineering and other requirements, to purchase the Series B Bonds and Series C Bonds, the forms of which are attached hereto as Exhibit B.

NN. "Mayor" shall mean the Mayor of the City.

OO. "Net Proceeds" means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the 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 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

QQ. "Nonpurpose Investment" shall mean any Investment Property which is acquired with the Gross Proceeds of the Bonds and is not acquired in order to carry out the governmental purpose of the Bonds.

RR. "Note" or "Credit Line Note" shall mean the not more than \$1,000,000 in aggregate principal amount of a Bond Anticipation Note or Notes evidencing the City's obligation to repay any draw upon the Line of Credit originally authorized hereby, and unless the context clearly indicates otherwise, the term "Notes" means any refunding Notes of the City.

SS. "Note Registrar" shall mean the entity named as such in a resolution supplemental hereto.

TT. "Noteholder," "Holder of the Notes" or any similar term shall mean the person who shall be the registered owner of any Outstanding Note or Notes, as hereinafter defined.

UU. "Operating Expenses" shall mean the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, DEP, the Infrastructure Council, fiscal agents, the Registrar and Paying Agent (both as hereinafter 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.

VV. "Ordinance" or "this Ordinance" shall mean this Ordinance, in its present form or as hereafter amended or supplemented.

WW. "Original Bonds" or "Bonds originally authorized hereby" or similar phrases shall mean the not more than \$8,000,000 Waterworks and Sewerage System Revenue Bonds, Series 1997 A, Series 1997 B and Series 1997 C to be issued for the purpose of refunding the Prior Bonds and paying a portion of the Costs of the acquisition and construction of the Project and for such other purposes permitted hereby and authorized by a resolution supplemental hereto.

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

YY. "Parity Bonds" shall mean 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 Bonds.

ZZ. "Paying Agent" shall mean the West Virginia Municipal Bond Commission or such other entity or authority as may be designated as a paying agent by the City and the Supplemental Resolution with the written consent of the Authority and the DEP.

AAA. "Prior Bonds" means the Waterworks and Sewerage System Revenue Bonds, Series 1995, issued in the aggregate principal amount of \$615,100 on October 26, 1995.

BBB. "Prior Ordinance" means the Ordinance of the City authorizing the Prior Bonds enacted on October 2, 1995.

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

"incidental use", if any, of the proceeds of the issue and/or proceeds used for "qualified improvements", if any.

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

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

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

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e), above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers

by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the owner of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The "consolidated fund" (or any distinct portion thereof) managed by the West Virginia State Board of Investments pursuant to Article 6, Chapter 12 of the Code of West Virginia, 1931, as amended; and

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

GGG. "Recorder" shall mean the Recorder of the City.

HHH. "Registrar" shall mean the entity or entities named as such in the Supplemental Resolution.

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

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

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

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

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

NNN. "SRF Act" shall mean Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended, and in effect on the date of the enactment of this Ordinance.

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

PPP. "Series A Bonds" shall mean the not more than \$385,000 in aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1997 A to be purchased by the Authority on behalf of the Fund.

QQQ. "Series B Bonds" shall mean the not more than \$6,720,000 Waterworks and Sewerage System Revenue Bonds, Series 1997 B to be purchased by the Authority on behalf of the Infrastructure Council.

RRR. "Series C Bonds" shall mean the not more than \$420,000 Waterworks and Sewerage System Revenue Bonds, Series 1997 C to be purchased by the Authority on behalf of the Infrastructure Council.

SSS. "Series A Reserve Account" shall mean the account in the Series A Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a) hereof.

TTT. "Series B Reserve Account" shall mean the account in the Series B Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a) hereof.

UUU. "Series C Reserve Account" shall mean the account in the Series C Sinking Fund, as hereinafter defined, created by Section 5.02(1)(a) hereof.

VVV. "Series A Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

WWW. "Series B Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

XXX. "Series C Sinking Fund" shall mean the fund created by Section 5.02(1) hereof.

YYY. "State" shall mean the State of West Virginia.

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

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

BBBB. "System" shall mean the complete existing combined waterworks and sewerage system now owned by the City, consisting of a waterworks system in its entirety or any integral part thereof, and a sewerage treatment and collection system, and shall include any extensions, additions, betterments and improvements thereto, including the wastewater treatment facility, hereafter acquired or constructed for said waterworks and sewerage system from any sources whatsoever, both within and without said City.

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

DDDD. "Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

FFFF. 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 general accepted accounting principles.

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

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

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

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

A. The City of New Martinsville, West Virginia, a municipal corporation and political subdivision of the State in Wetzel County of said State, now owns a combined waterworks and sewerage system consisting of a waterworks system in its entirety or any integral part thereof, including some or all of mains, hydrants, meters, valves, standpipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification plants, softening apparatus and all other facilities necessary, appropriate, useful, convenient or incidental in connection with or to a water supply system,

and a sewage treatment plant or plants and some or all of collecting, intercepting and outlet sewers, lateral sewers, drains, force mains, conduits, pumping stations, ejector stations and all other appurtenances, extensions, additions and improvements necessary, appropriate, useful, convenient or incidental for the collection, treatment and disposal in a sanitary manner of sewage and industrial wastes (herein referred to as the "System").

B. In accordance with Section 18 of the Act, the System is under the supervision and control of the Water and Sanitary Sewer Board of the City (the "Board").

C. The design of the Project was financed, in part, with the proceeds of the Prior Bonds and the Prior Bonds have a lien on the Gross Revenues of the System. The City derives Gross Revenues from the System, and, other than the Prior Bonds, said Gross Revenues are not pledged or encumbered in any manner.

D. The acquisition and construction of the Project will bring the City into compliance with various environmental laws.

E. It is deemed necessary and desirable for the health, welfare and safety of the inhabitants of the City that there be acquired and constructed the Project, at an estimated cost of \$8,800,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by DEP and are on file with the City, and which Project is generally described in Exhibit A attached hereto and by this reference made a part hereof and has an estimated useful life in excess of forty (40) years.

F. The estimated revenues to be derived in each year after the enactment of this Ordinance from the operation of said System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on each series of Waterworks and Sewerage System Revenue Bonds of the City and all sinking fund and other payments provided for in this Ordinance.

G. It is deemed necessary for the City to issue its Original Bonds in the aggregate principal amount of not more than \$8,000,000 to finance the costs of the acquisition and construction of the Project herein described through the Program and the Infrastructure Council. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest on the original bonds prior to and during construction or acquisition and for six months after completion of construction of the Project; engineering, fiscal and legal expenses; expenses for estimates of cost and revenue; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense, any fees or expenses of the Authority, DEP and the Infrastructure Council, 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 Original Bonds, the Note or the Line of Credit, 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; provided, that reimbursement to the City for any amounts expended by it for allowable costs prior to the issuance of the Original Bonds or the repayment of the indebtedness incurred by the City for such purposes shall be deemed part of the Cost of the Project.

H. The Infrastructure Council has approved the Project and has authorized the Authority to purchase bonds of the City, to provide moneys which, along with the grant from the Infrastructure Council and the bonds issued to the SRF Program, will finance the Project. It is in the best interests of the City that its Series A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement by and among the Authority, the DEP and the City and it is in the best interest of the City that its Series B Bonds and Series C Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreements by and between the Authority and the City. The current refunding of the Prior Bonds with a portion of the proceeds of the Series B Bonds is in the best interest of the City and provides a debt service savings.

I. It is necessary and in the best interests of the City to establish the Line of Credit in an aggregate principal amount not to exceed \$1,000,000, to provide funds for acquisition and construction of the Project to the extent Original Bond proceeds, Grant Receipts or other funds are not timely available therefor, to enter into the Line of Credit Agreement with the Bank, to issue the Note to evidence the City's obligation to repay any draw upon the Line of Credit, and, if necessary, to issue the Line of Credit Bonds or take such other actions as are hereinafter set forth to provide for the payment of the principal and interest of the Note on or prior to maturity thereof.

J. The City has received the approval of the Infrastructure Council. The City 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, or will have so complied prior to the issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired or will have been waived prior to the issuance of the Original Bonds.

K. The Code provides exceptions from the rebate provisions for issues of small governmental units meeting certain requirements. It is in the best interest of the City and its inhabitants to qualify for the small governmental unit exception from the rebate provisions for the Original Bonds. Accordingly, it is hereby found and determined:

- (1) The City is a governmental unit with general taxing powers.
- (2) The Original Bonds and the Note are not private activity bonds as defined by the Code.

(3) Ninety-five percent (95%) or more of the net proceeds (as defined with respect to the Code) of the Original Bonds and the Note will be used for local governmental activities of the City.

(4) The City reasonably expects that the aggregate face amount of all tax-exempt bonds (other than private activity bonds) issued by the City and all subordinate entities thereof during the calendar year in which the Original Bonds will be issued will not exceed \$5,000,000.

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

M. The City will file all statements, instruments and returns necessary to assure the tax-exempt status of the Bonds and the Note.

N. Neither the Bonds nor the Note will be federally guaranteed within the meaning of the Code.

O. It is reasonably anticipated that all proceeds of the Original Bonds will be spent within three years from the date of issuance.

ARTICLE II

AUTHORIZATION OF EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO SYSTEM AND REFUNDING OF PRIOR BONDS

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

Prior to issuing the Original Bonds for the acquisition and construction of the Project, the City must receive acceptable bids or enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Program and the Infrastructure Council.

Section 2.02. Authorization of Refunding of Prior Bonds. The Prior Bonds outstanding as of the date of issuance of the Original Bonds are hereby ordered to be refunded pursuant to the terms of the Prior Ordinance and the lien of said Prior Bonds imposed by the Prior Ordinance on the revenues of the System is hereby ordered terminated, discharged and released upon payment to the Commission of funds sufficient to provide for the payment of the principal and interest to the date of refunding. Upon the refunding of the Prior Bonds, the amounts on deposit in the Renewal and Replacement Fund created and maintained under the Prior Ordinance with respect to the Prior Bonds shall be transferred to the Renewal and Replacement Fund created under this Ordinance and the amounts held in the reserve account for the Prior Bonds, if any, shall be transferred to the reserve accounts for the Original Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS

Section 3.01. Authorization and Terms of Original Bonds. For the purposes of funding the reserve accounts, paying costs of issuance and financing a portion of the costs of the acquisition and construction of the Project not otherwise provided for, on any one of such items, there shall be issued the Original Bonds of the City. The Original Bonds shall be issued in three series, with the first series to be designated "Waterworks and Sewerage System Revenue Bonds, Series 1997 A" and so on, in an aggregate principal amount of not more than \$8,000,000. Each series of Original Bonds shall be dated as of the date of delivery thereof, shall bear such interest, shall mature at such times, not exceeding forty (40) years after the date of issuance, and in such amount or amounts as shall be set out in each Loan Agreement. The Original 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 on the Series A Bonds shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Original Bonds shall be as set forth on Schedule Y to the respective Loan Agreements. The Original Bonds shall contain such other terms, provisions, conditions and limitations, all as provided by this Ordinance and the Loan Agreement and as the Council of the City shall prescribe by resolution (or by supplemental or amendatory ordinance of said Council as said Council shall determine) adopted in connection with the sale of such Original Bonds.

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

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

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

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

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.08, shall have been duly manually executed by the Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if manually signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

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

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Owner's furnishing the City proof of ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the City may prescribe and paying such expenses as the City may incur and the Registrar shall authenticate the new Bond. All Bonds so surrendered shall be cancelled by the Registrar and held for the account of the City. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen, or destroyed, without surrender therefor.

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

Section 3.06. Bonds not to be Indebtedness of the City. The Bonds shall not, in any event, be or constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Owner or Owners of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the City to pay the Bonds or any interest thereon.

Section 3.07. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of all the Original Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Gross Revenues derived from the System. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the sinking funds and the reserve accounts therein and in the Renewal and Replacement Fund 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 3.08. Form of Original Bonds. The text of each series of Original Bonds shall be of substantially the following tenor, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted by this Ordinance or any subsequent resolution or ordinance adopted or enacted prior to the issuance thereof.

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[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WETZEL
CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 199__

No. R-1

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF NEW MARTINSVILLE, a municipal corporation of the State of West Virginia, in Wetzel County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ (\$____), in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 199__, as set forth on the "Schedule of 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 this Bond shall be zero (0%) percent from the date hereof until the Date of Completion of the Project, and after such date, interest shall be payable on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 199__, at the rate of _____ percent (____%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent. The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of 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 ____, 199__, among the Authority, the DEP and the City.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City (the "Project"), (ii) to fund a reserve account therefor, and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance

with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the City on the ___ day of _____, 1997, and a Supplemental Resolution adopted by the City on the ___ day of _____, 1997 (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 RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE CITY'S WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1997 B AND 1997 C (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross 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 City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City 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 its attorney duly authorized in writing, upon the surrender of this Bond together, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, 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 City 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 CITY OF NEW MARTINSVILLE 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 the ____ day of _____, 199__.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WETZEL
CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 199__

No. R-2

\$_____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF NEW MARTINSVILLE, a municipal corporation of the State of West Virginia, in Wetzel County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ (\$_____), in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 199__, as set forth on the "Schedule of 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 this Bond shall be zero (0%) percent from the date hereof until the Date of Completion of the Project, and after such date, interest shall be payable on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning ____, 199__, at the rate of ____ percent (____%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent. The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of 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 ____, 199__, between the Authority and the City.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City (the "Project"), (ii) to fund a reserve account therefor, and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance

with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the City on the ___ day of _____, 1997, and a Supplemental Resolution adopted by the City on the ___ day of _____, 1997 (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 RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE CITY'S WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1997 A AND 1997 C (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross 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 City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City 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 its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, 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 City 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 CITY OF NEW MARTINSVILLE 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 the ____ day of _____, 199__.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

[FORM OF THE ORIGINAL BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF WETZEL
CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 199__

No. R-3

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF NEW MARTINSVILLE, a municipal corporation of the State of West Virginia, in Wetzel County of said State (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority"), or registered assigns, the sum of _____ (\$ _____), in quarterly installments on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning _____, 199_, as set forth on the "Schedule of 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 this Bond shall be zero (0%) percent from the date hereof until the Date of Completion of the Project, and after such date, interest shall be payable on the 1st day of March, the 1st day of June, the 1st day of September and the 1st day of December in each year beginning _____, 199_, at the rate of _____ percent (____%) per annum. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of principal, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the Paying Agent. The interest on this Bond is payable by check or draft mailed to the Authority at the address as it appears on the books of 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 _____, 199_, between the Authority and the City.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City (the "Project"), (ii) to fund a reserve account therefor, and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance

with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the City on the ___ day of _____, 1997, and a Supplemental Resolution adopted by the City on the ___ day of _____, 1997 (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 RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE CITY'S WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1997 A AND 1997 B (THE "PARITY BONDS").

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross 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 City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any bonds on a parity therewith in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City 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 its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, 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 City 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 CITY OF NEW MARTINSVILLE 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 the ____ day of _____, 199__.

[SEAL]

Mayor

ATTEST:

Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

as Registrar

By _____
Its Authorized Officer

Dated: _____

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

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

Dated: _____, ____.

In the presence of:

Section 3.09. Sale of Original Bonds; Ratification and Execution of Loan Agreements. The Original Bonds for each phase shall be sold to the Authority, pursuant to the respective terms and conditions of the Loan Agreements. As a ratification of the resolution of Council authorizing execution of the Loan Agreements, the Mayor is specifically authorized and directed to execute the Loan Agreements and the Recorder is directed to affix the seal of the City, attest the same and deliver the Loan Agreements to the Authority. The Loan Agreements are specifically incorporated into this Ordinance.

Section 3.10. Certificate of Consulting Engineers. Prior to the issuance of the Original Bonds, the City must obtain the certificate of the Consulting Engineers, in the form attached to the SRF Loan Agreement, to the effect that the Project has been designed as provided in the Program application and will be constructed in accordance with the approved plans, specifications and design as submitted to the DEP and the Authority, as the case may be, that the Project will be adequate for the purposes for which it was designed, and the funding plan as submitted to the DEP and the Authority is sufficient to pay the costs of the acquisition and construction of the Project.

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

ARTICLE IV

LINE OF CREDIT

Section 4.01. Authorization of Line of Credit. For the purpose of providing funds for the acquisition and construction of the Project to the extent Original Bond proceeds, Grant Receipts or other funds are not timely available therefor, the Line of Credit to be established by the Bank is hereby authorized, and upon approval by the Supplemental Resolution, the Mayor of the City is hereby authorized and directed to execute the Line of Credit Agreement.

Section 4.02. Authorization of Note. For the purpose of evidencing the City'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 Note of the City, in the stated principal amount of not to exceed \$1,000,000. The Note shall be originally issued in single, fully registered form, without coupons, and shall be dated as of the date of delivery thereof. There shall be attached to the 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 and interest on the Note and the amount of the Note Outstanding after either of said transactions shall be recorded. Anything to the contrary herein or in the Line of Credit Agreement notwithstanding, the 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 at the rate, not to exceed eight percent per annum, specified in the Supplemental Resolution. Interest shall cease to accrue on the amount of the Note Outstanding, or portions thereof, as the same are paid, as reflected by said Record of Advances and Payments. The Note shall mature on such date or dates, not later than 48 months after the date thereof, specified in the Supplemental Resolution. Interest on the Note shall be payable as specified in the Supplemental Resolution. The Note shall be subject to such further terms as shall be provided by the Line of Credit Agreement or said Supplemental Resolution. Notwithstanding the foregoing, the terms of the Note, other than the principal amount thereof, maximum rate of interest thereon and maximum maturity thereof, may be modified by the Supplemental Resolution, subject to the limits of the Act.

The Note shall be payable as to principal upon presentation, and, in the case of payment at maturity or surrender, at the principal office of the Note Registrar, in any coin or currency which, on such date of payment, is legal tender for the payment of public and private debts under the laws of the United States of America. The Note is subject to prepayment in whole or in part at any time, upon two days' written notice (or telephone notice, confirmed in writing as soon as practical) to the Note Registrar and the Note Owner; provided, that any payment of principal, in whole or in part, prior to the final maturity of the Note shall be recorded by the Note Registrar on the Record of Advances and Payments attached to the Note, and the Note shall be returned to the Owner.

Section 4.03. Execution of Note. The Note shall be executed in the name of the City by the signature of its Mayor, and the seal of the City shall be affixed thereto and attested by the signature of the City Recorder. Any Note may be signed and sealed on behalf of the City by such person as, at the actual time of the execution of such Note, shall hold the proper office of the City, although at the date of such 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 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 Note, shall be conclusively deemed to have agreed that the Note shall be incontestable in the hands of a bona fide holder for value.

So long as the Note or any portion thereof remains Outstanding, the Note Registrar shall keep and maintain, at its principal office, books for the registration and transfer of the Note. The Note shall be transferable only upon such books of the Note Registrar by the 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 Note, there shall be issued, at the option of the Owner or the transferee, another Note or Notes of the aggregate stated principal amount equal to the stated principal amount of such transferred Note 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 Note is exercised, Notes shall only be issued in accordance with the provisions of this Ordinance. All Notes surrendered in any such transfers shall forthwith be cancelled by the Note Registrar. For every such transfer of 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 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.

Section 4.05. Form of Note. The text of the Note shall be in substantially the form set forth by the Supplemental Resolution. The Note shall not become valid until authenticated by the Note Registrar.

Section 4.06. Security for Note. The principal of and interest on the Note are payable solely from and secured by the net proceeds of the Bonds and such other sources, including the net proceeds of the Line of Credit Bonds, as are hereinafter set forth. The principal and interest on the Note are further payable from and secured by the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues is

and shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Bonds.

Section 4.07. Notes are Special Obligations. The Note shall be a special obligation of the City, payable as to principal and interest solely from said sources described in this Article. The Note does not and shall not constitute an indebtedness of the City within the meaning of any charter, constitutional or statutory provisions. The general funds of the City are not liable, and neither the full faith and credit nor the taxing power of the City is pledged, for the payment of the Note. The Owner of the Note shall never have the right to compel the forfeiture of any property of the City. The Note shall not be a debt of the City, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues, except the net proceeds of the Bonds and the Line of Credit Bonds, the Net Revenues and other funds pledged thereto by this Ordinance.

Notwithstanding anything in this Ordinance, the City shall not be required to advance any money derived from any source of income other than the net proceeds of the Bonds and the Line of Credit Bonds, the Grant Receipts, the Net Revenues and other funds pledged by this Ordinance for the payment of the principal of or interest on the Note or for the performance of any of its duties under this Ordinance. The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

Section 4.08. Note Payment Fund. There is hereby created and established with the Note Depository a special fund, designated "Sewerage System 1997 Construction Note Payment Fund." The Note Depository shall segregate all funds and securities in the Note Payment Fund from other deposits and funds of the Note Depository and other deposits and funds of the City, including the payment fund established therefor. All moneys in the Note Payment Fund, until payment in full of all principal and interest owing on the Note at its maturity, shall be held in trust for the Owner of the Note, and the City shall have no rights with respect thereto, except to receive the balance therein after payment of the Note and the interest thereon and the charges, if any, of the Note Depository and the Note Registrar. Pending such application, moneys in the Note Payment Fund shall be invested and reinvested in Qualified Investments. Any balance received by the City shall be applied to the costs of the Project. At least one day prior to the maturity of the Note, there shall be deposited in the Note Payment Fund, the net proceeds of the Original Bonds or other moneys, including Net Revenues and the net proceeds of the Line of Credit Bonds, if necessary, in an amount sufficient to pay the principal of and interest on the Note at maturity. The City may, at any time, prepay all or any portion of the Note Outstanding as herein provided. The Note Depository shall transfer any such principal payment, whether at maturity or a prepayment, or whether in whole or in part, to the Note Registrar for payment, and the Note Registrar shall make such payment as provided in this Article IV.

Section 4.09. Conversion to Long-Term Obligation. Notwithstanding the foregoing, the City may, rather than pay the principal of the Note at or prior to the maturity

thereof, convert the Note to a long-term obligation, subject to such terms, rate or rates of interest and other provisions as shall be mutually agreeable to the Owner and the City and authorized by the Supplemental Resolution, payable from the Net Revenues of the System on a basis junior, subordinate and inferior to the Bonds. Such long-term obligation may constitute the Line of Credit Bonds authorized hereunder.

Section 4.10. Line of Credit Bonds. A. For the purpose of paying the principal of and interest on the Note at or prior to maturity, to the extent not otherwise provided for, there is hereby authorized to be issued, and the City hereby agrees to issue, the Line of Credit Bonds in a principal amount not to exceed \$1,000,000. The Line of Credit Bonds shall be issued at such time and in such amount, bear interest at such rate or rates not to exceed ten percent (10%) per annum and be subject to such terms, all as shall be determined by a Supplemental Resolution.

B. The principal of and interest on the Line of Credit Bonds shall be payable only from, and secured by, the Net Revenues derived from the operation of the System; provided, that such lien on the Net Revenues shall be junior, inferior and subordinate in all respects to the lien thereon of the Holders and owners of the Bonds.

C. There shall be created and established with the Commission, upon the issuance of the Line of Credit Bonds, a special fund, to be designated the "Line of Credit Debt Service Fund" and, within such fund, a special account, to be designated the "Line of Credit Reserve Account." Deposits into the Line of Credit Debt Service Fund for the payment of principal of and interest and fiscal agency or other charges on the Line of Credit Bonds, and payments into the Line of Credit Reserve Account, shall be made both at the times and in the proportions, and such fund and account shall otherwise be handled, as set forth in a resolution supplemental hereto. Said deposits from the Net Revenues, on account of the Line of Credit Bonds, shall be made only after those deposits required by Section 5.03 of this Ordinance and any deposits required by the Loan Agreement.

Section 4.11. Draws upon Line of Credit. The City may draw upon the Line of Credit from time to time, upon the resolution of Council (or, if authorized by the Supplemental Resolution, upon the resolution of the Board), and otherwise as provided by the Line of Credit Agreement.

Section 4.12. Line of Credit Construction Trust Fund. There is hereby created and established with the Note Depository a special fund, designated the "Waterworks and Sewerage System Line of Credit Construction Trust Fund" (hereinafter referred to as the "Trust Fund"). Any draws upon the Line of Credit shall be deposited in the Trust Fund and shall be kept separate and apart from all other funds of the City or the Note Depository and expended solely for the purposes hereinafter provided. Expenditures may be made from the Trust Fund for paying the costs of acquisition and construction of the Project to the extent Original Bond proceeds or other funds are not timely available therefor; provided, that no expenditures shall be made from said fund without the approval of the Board and the Consulting Engineers. The balance of any such deposit in the Trust Fund, in excess of the

amount insured by FDIC, shall at all times be secured to the full extent thereof by Government Obligations or such other obligations as shall be eligible as security for deposits of state and municipal funds under the laws of the State. Any balance in the Trust Fund after the completion of the Project shall be deposited in the Note Payment Fund and used only for the payment of the Note as provided in this Ordinance. Pending the authorized use thereof, moneys in the Trust Fund shall be invested in Qualified Investments.

Section 4.13. Line of Credit Bond Proceeds. The proceeds of the Line of Credit Bonds, if necessary, after the payment of the cost of issuance thereof, shall be applied as provided by Section 4.08.

Section 4.14. Note and Line of Credit Bonds Secured by Ordinance. All of the covenants and agreements contained in this Ordinance shall be deemed to have been made, to the extent applicable, for the benefit of the Owner of the Note and, subsequently, of the registered owners of the Line of Credit Bonds (except as to details inconsistent with this Ordinance). Such covenants and agreements shall be fully enforceable in the manner provided in the Ordinance by the Owner of the Note or the registered owners of the Line of Credit Bonds; provided, that any such rights and remedies shall be junior, subordinate and inferior to those of the Holders and owners of the Bonds.

Section 4.15. Covenants with Owner of Note. In order to secure the payment of the Note, the City hereby particularly covenants and agrees with the Owner of the Note, and makes provisions which shall be a part of the contract with such Owner, that the City, if and so long as any of the Note is Outstanding and unpaid:

- (A) Will proceed with all practicable dispatch to construct the Project;
- (B) Will not make or cause or permit to be made any application of the proceeds of the Note or of any moneys held in the Note Payment Fund or the Note Construction Trust Fund except in accordance with the provisions of this Ordinance;
- (C) Will comply in all respects with the terms and provisions of the Loan Agreement and with all applicable state and federal laws and regulations governing the implementation of the Loan Agreement;
- (D) Will impose and collect rates and charges for the use and services of the System in accordance with the requirements of the Ordinance and the Loan Agreement;
- (E) Will take all actions necessary to preserve its right to receive reimbursements under the Loan Agreement;
- (F) Will promptly request any reimbursements to which it has become entitled under the Loan Agreement;

(G) Will not unilaterally terminate, or enter into any agreement to terminate, the Loan Agreement;

(H) The Bonds and the bond anticipation notes provided for by Section 4.17 will not create a pledge or otherwise encumber the Net Revenues prior to or on a parity with the lien thereon of the Owner of the Note, and, except with respect to said loan anticipation notes, will not create a pledge or otherwise encumber the proceeds of the Original Bonds prior to or on a parity with the lien created hereby on behalf of the Note.

Section 4.16. Required Notices to Note Depository and Owner of Note. The City will give to the Bank, the Note Depository and the Owner of the Note prompt written notice, appropriately documented, of any change in the status of the Program and of any authorization of additional indebtedness of the City, and particularly of any of the following events:

- (A) Any modification of the Loan Agreement;
- (B) The suspension of the Loan Agreement;
- (C) The lifting or cancellation of the suspension of the Loan Agreement;
- (D) The termination of the Loan Agreement;
- (E) The annulment of the Loan Agreement; or
- (F) The authorization by the City of any additional indebtedness related to the System.

Whenever the Bank and the Note Depository shall have received notice that the Loan Agreement has been suspended or a stop-work order has been issued, no further draws upon the Line of Credit or withdrawals from the Line of Credit Construction Trust Fund shall be made until the Note Depository shall have received notice of the lifting of such suspension or stop-work order.

Section 4.17. Bond Anticipation Notes. Notwithstanding any provision of this Ordinance to the contrary, the City may hereafter issue bond anticipation notes with a lien on the Net Revenues and the net proceeds of the Original Bonds prior to or on a parity with that of the Note, all as may be set forth in a resolution supplemental hereto.

Section 4.18. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Note or the Line of Credit Bonds, as the case may be:

- (A) If default occurs in the due and punctual payment of the principal of or interest on the Note or any Line of Credit Bond, as the case may be;

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to the Note, or the Line of Credit Bonds, as the case may be, in this Ordinance or any resolution or ordinance supplemental hereto or amendatory hereof or in the Note or the Line of Credit Bonds, as the case may be, contained, and such default shall have continued for a period of thirty (30) days after the City shall have been given written notice of such default by the Note Depository or any Owner or registered owner of the Note or a Line of Credit Bond, as the case may be; or

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

Section 4.19. Remedies. Upon the happening and continuance of any Event of Default, the Owner of the Note or any registered owner of a Line of Credit Bond, as the case may be, 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 the Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the same may be, including the right to require the City to perform its respective duties under the Act and this Ordinance relating thereto, (iii) bring suit upon the Note or the Line of Credit Bonds, as the case may be, (iv) by action at law or bill in equity, require the City to account as if it were the trustee of an express trust for the Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the case may be, and (v) by action at law or bill in equity, enjoin any acts in violation of this Ordinance with respect to the rights of the Owner of the Note or the respective registered owners of the Line of Credit Bonds, as the case may be; all subject, however, to the rights of the holders and Owners of the Bonds, and Line of Credit Bonds.

Section 4.20. Appointment of Receiver. The Owner of the Note or any registered owner of the Line of Credit Bonds, as the case may be, may, by proper legal action, compel the performance of the duties of the City under this Ordinance and the Act, all as provided by Section 9.03 of the Ordinance, subject, however, to the rights of the holders and Owners of the Bonds.

Section 4.21. Modification or Amendment. No material modification of or amendment to this Ordinance or any ordinance or resolution amendatory hereto or supplemental hereto, which would materially and adversely affect the rights of any Owner of the Note or any registered owner of the Line of Credit Bonds, shall be made without the consent in writing of the Owners or registered owners of two-thirds (2/3) or more in principal amount of the Note or Line of Credit Bonds, as the case may be, then Outstanding; provided, however, that no change shall be made in the maturity of any Note or Line of Credit Bond or the rate or rates of interest thereon, or in the principal amounts thereof, or affecting the unconditional promise of the City to pay the principal of and interest on the Note or Line of Credit Bonds out of the funds respectively pledged therefor, without the consent of the Owners or registered owners thereof, as the case may be. No amendment or modification shall be made which would reduce the percentage of the principal amount of the Note or Line

of Credit Bonds, as the case may be, required for consent to the above-permitted amendments or modifications.

Section 4.22. The Bank. The Bank may serve as the Note Registrar and the Note Depository regardless of its ownership of the Note. The Bank is further hereby authorized to authenticate the Note and any Notes issued in exchange or as replacements therefor prior to the delivery thereof.

Section 4.23. Note Depository. The City may pay to the Note Depository, from time to time, reasonable compensation for all services rendered by the Note Depository and all reasonable expenses, charges, counsel fees and other disbursements incurred by the Note Depository in connection with its performance of its functions hereunder. The City shall, from time to time, have the right to appoint a successor Note Depository, provided that such successor Note Depository be a bank or national banking association located in the State and insured by the FDIC. The depository bank shall signify its acceptance of the duties and obligations hereby imposed by executing and delivering to the City a written acceptance thereof.

Section 4.24. Note Registrar. The Note Depository shall also serve as the Note Registrar for the Note. The Note Depository's acceptance of the trusts and the duties of Note Depository provided for in Section 4.08 shall also include the duties and obligations of Note Registrar. Any successor Note Registrar for the Note shall be designated by the City in a Supplemental Resolution and must be a bank, trust company or national banking association. Any such successor Note Registrar shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the City a written acceptance thereof. The Note Registrar shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Note Registrar in connection with such services, solely from moneys available therefor.

Section 4.25. Notice to Authority and DEP. The City shall give the Authority, the Infrastructure Council and the DEP written notice of the issuance of the Note, any Line of Credit Bonds or any bond anticipation notes authorized by Section 4.17 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) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund (separate subaccount to be established for each series of Original Bonds).

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

- (1) Sinking Fund;
 - (a) Within the Sinking Fund, the Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. 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 City and the Depository Bank and used only for the purposes and in the manner therein and herein provided.

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

(2) The City shall next, on the first day of each month (i) commencing 4 months prior to the first date of payment of interest on the 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 respective Sinking Funds, a sum equal to 1/3rd of the amount of interest which will become due on said Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the respective Sinking Funds and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 4 months prior to the first date of payment of principal on the Bonds, apportion and set apart

out of the Revenue Fund and remit to the Commission for deposit in the respective Sinking Funds, a sum equal to 1/3rd of the amount of principal which will mature and become due on said 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 respective Sinking Funds and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 5.03(2) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(3) The City shall next transfer from the Revenue Fund and pay to the Commission on the first day of each month, commencing 3 months prior to the first date of payment of principal of the Bonds, if not fully funded upon issuance of the Bonds, for deposit in the respective Reserve Accounts, an amount equal to 1/120 of the Reserve Requirement; provided, that no further payments shall be made into the respective Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Reserve Requirement. When additional series of Original Bonds are issued, the payment of interest and principal on said bonds shall be made simultaneously with the payments described in this Section 5.03(3) and to the extent that Revenues are insufficient to make all of the payments, such payments shall be made, pro rata, among each series of Bonds.

(4) The City shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the City or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the 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 Renewal and Replacement Fund.

Moneys in the Sinking Fund shall be used only for the purposes of paying principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of or interest on the Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose. Except for the funds required to be deposited in the Rebate Fund, all investment earnings on moneys in the Reserve Account shall be transferred, not less than once each year, to the Bond Construction Trust Fund prior to completion of the Project and thereafter, pro rata, to the Sinking Funds.

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

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

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

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

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

The Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and is hereby pledged for, the purpose of servicing the Bonds and any additional Bonds ranking on a parity with them that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

C. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinabove provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Fund, including the Reserve Account therein, and the Renewal and Replacement Fund during the following month or such longer period as shall be required by the Act, such excess shall be considered as surplus revenues (the "Surplus Revenue"). Surplus Revenues may be used for any lawful purpose of the System.

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

Simultaneously with the deposit made to the Commission pursuant to Section 5.03(2) and (3) the City shall remit to the Commission the SRF Administrative Fee.

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

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

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

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

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

Section 5.04. Excess Bond Proceeds. The City shall place any excess proceeds from the Original Bonds not required by the Project in the applicable Reserve Account.

ARTICLE VI

APPLICATION OF ORIGINAL BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. The amount of the Series B Bond proceeds which, together with any funds held under the Prior Ordinance, shall be deposited with the Commission and applied to the payment in full of the Prior Bonds.

B. Next, from the proceeds of the Bonds, there shall be deposited with the Commission in the respective reserve account the sum, if any, set forth in the Supplemental Resolution for funding of said Reserve Account.

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

D. There is hereby created and established with the Depository Bank a special fund, designated the "Bond Construction Trust Fund". The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in this Ordinance. Except with respect to any transfers to the Rebate Fund, moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so transferred or expended, are hereby pledged as additional security for the Bonds.

Section 6.02. Disbursements From the Bond Construction Trust Fund. With respect to the proceeds of the Series A Bonds, on or before the Closing Date, the City shall have delivered to the Authority a report listing the specific purposes for which the proceeds of the Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. With respect to the proceeds of the Series B Bonds and Series C Bonds, by the ____ day of each month, the City shall provide the Infrastructure Council with a requisition for costs incurred for the Project with such documentation as the Infrastructure Council shall from time to time require. Upon receipt of the proceeds from the Authority, the City shall deposit the proceeds in the Construction Trust Fund and pay any approved costs. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the cost of issuance of the Original Bonds which shall be made upon request of the City) shall be made only after submission to, and approval from, the Authority and the DEP of the following:

(1) A "Payment Requisition Form," attached to the Loan Agreement as Exhibit C, and

(2) a certificate, signed by the Mayor and the Consulting Engineers, stating:

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

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

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

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

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

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

ARTICLE VII

ADDITIONAL COVENANTS OF THE CITY

Section 7.01. General Covenants of the City. All the covenants, agreements and provisions set forth in this Ordinance shall be and constitute valid and legally binding covenants of the City and shall be enforceable in any court of competent jurisdiction by any owner or owners of the Bonds. In addition to the other covenants, agreements and provisions of this Ordinance, the City 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.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Bonds shall not be nor constitute an indebtedness of the City 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 Ordinance. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the City to pay said Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues. The payment of the debt service of the Original Bonds issued hereunder shall be secured forthwith, equally and ratably, by a first lien on the Gross Revenues derived from the operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds herein authorized and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in this Ordinance are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds and for the other purposes provided in the Ordinance.

Section 7.04. Rates. Prior to issuance of the Original Bonds, equitable rates or charges for the use of and service rendered by the System will be established in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Recorder, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. The City shall take the necessary actions with respect to the imposition of rates, at such times and with such provisions with respect to interest rate and maturity of the Bonds, to finance the issuance of the Bonds as the purchaser thereof shall require. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the City hereby covenants and agrees that the schedule of rates or charges from

time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Bonds; provided that, in the event that an amount at least equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and the reserve account for the Bonds is funded at least at the requirement provided for in the Ordinances, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any succeeding Fiscal Year for payment of principal of and interest on the Original Bonds.

Section 7.05. Completion, Operation and Maintenance; Schedule of Cost. The City will expeditiously complete the Project and will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures, for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof, from the revenues of said System, in the manner provided in the Ordinance.

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

Section 7.06. Sale of the System. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity all the Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the appropriate Sinking Funds, and the City shall direct the Commission to apply such proceeds to the payment of principal and any interest at maturity of Bonds about to mature and to the redemption prior to maturity, at the earliest date permitted hereby and at the redemption price, of all other Outstanding Bonds. Any balance remaining after the redemption or payment of all the Bonds and interest thereon shall be remitted to the City by the Commission, unless necessary for the payment of other obligations of the City payable out of the revenues of the System.

The foregoing provision notwithstanding, the City shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. The Council may then, if it be so advised, as evidenced by certificates of the Consulting Engineers, by resolution duly adopted, approve and concur in such finding and provide for the sale of such property if the amount to be received therefor is not in excess of ten thousand dollars (\$10,000), or authorize such sale, lease or other disposition of such property, upon public bidding, if the amount to be received therefor is in excess of ten thousand dollars (\$10,000) but not in excess of fifty thousand dollars (\$50,000). The proceeds of any such sale, lease or other disposition of such property, not in excess of \$10,000, shall be deposited in the Renewal and

Replacement Fund. The proceeds derived from any such sale, lease or other disposition of such property, in excess of \$10,000 and not in excess of \$50,000, shall be remitted by the City to the Commission for deposit in the appropriate Sinking Funds and shall be applied only to the redemption of Bonds of the last maturities then Outstanding or to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the redemption price of such Bonds. Such payments of such proceeds into the Sinking 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.

No sale, lease or other disposition of the properties of the System shall be made by the City if the proceeds to be derived therefrom shall be in excess of fifty thousand dollars (\$50,000) and be insufficient to pay or redeem, prior to maturity, all the Bonds then Outstanding, without the prior approval and consent in writing of the owners, or their duly authorized representatives, of sixty-six and two-thirds percent (66-2/3%) in amount of the Bonds then Outstanding. The City 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 City shall not issue any other obligations whatsoever, except pari passu additional Bonds provided for in Section 7.08 hereof, payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Parity Bonds may be issued as provided in Section 7.08 hereafter. All obligations hereafter issued by the City 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 respective Reserve Accounts 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 City shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or, except with respect to said pari passu additional Bonds, being on a parity with the lien of the Bonds, and the interest 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.

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

Section 7.08. Parity Bonds. No Parity Bonds payable out of the revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided and with the prior written consent of DEP, the Infrastructure Council and the Authority.

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

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

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

The "estimated average increased annual net revenues to be received in each of the 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 City, the time for appeal of which shall have expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Recorder prior to the issuance of such additional Parity Bonds.

The 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 the Independent Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the City, the time for appeal of which shall have expired prior to issuance of such Parity Bonds.

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

All the covenants and other provisions of this 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 Bonds and the owners of any Parity Bonds subsequently issued, from time to time, within the limitations of and in compliance with this Section. All the Bonds, regardless of the time or times of their issuance shall rank equally with respect to their respective liens on the revenues of the System, and their respective sources of and security for payment from said revenues, without preference of any Bond over any other. The City shall comply fully with all the increased payments into the various funds created in this Ordinance required for and on account of such additional 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 City shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in this 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, and the City shall then be in full compliance with all the covenants, agreements and terms of this Ordinance.

Section 7.09. Insurance and Construction Bonds. The City 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 City will require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and the DEP, so long as the Authority is the Owner of the Bonds. The City will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, to protect the interests of the City, the Authority, the prime contractor and all subcontractors as their interests may appear, in accordance with the Loan Agreement, during construction of the Project in the full insurable value thereof. In time of war, the City 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 Ordinance and otherwise shall be placed in the Renewal and Replacement Fund and used only for the repair and restoration of the damaged or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The City shall also carry liability insurance for damage or injury to persons or property in amounts adequate for such purposes and customarily carried with respect to works and properties similar to the System. The City shall carry such other insurance as is required by the Authority and DEP and as set forth in the Loan Agreement, including but not limited to flood insurance and business interruption insurance, to the extent available at reasonable cost to the City.

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

Section 7.10. Consulting Engineers. The City shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority, the Infrastructure Council 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. Such resident engineer shall certify to the Authority, the DEP and the City, 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 City 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 City shall notify the DEP in writing of such receipt. The City shall submit a Performance Certificate, the form of which is attached as Exhibit A to the Loan Agreement and is incorporated herein by reference, to the DEP within 60 days of the end of the first year after the Project is completed.

The City 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 City 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 City 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 City shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

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

Section 7.11. Compliance With Loan Agreement, Rules and Regulations. The City hereby covenants and agrees to perform and satisfy all terms and conditions of the Loan Agreement and to comply with all applicable laws, rules and regulations issued by the

Authority, the Infrastructure Council, the DEP or other State, federal or local bodies in regard to the construction of the Project and operation, maintenance and use of the System.

Section 7.12. No Free Services. The City will not render or cause to be rendered any free services, of any nature, by its System; and, in the event the City or any department, agency, instrumentality, officer or employee of the City shall avail itself or himself or herself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the City and any such department, agency, instrumentality, officer or employee. Such charges shall be paid as they accrue, and the City shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.13. Enforcement of Collections. The City will diligently enforce and collect all fees, rates, rentals or other charges for the services and facilities of the System and take all steps, actions and proceedings for the enforcement and collection of such fees, rates, rentals or other charges that shall become delinquent to the full extent permitted or authorized by the laws of the State of West Virginia. 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 or facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, 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 City further covenants and agrees that it will, to the full extent permitted by law, and any rules and regulations promulgated by the Public Service Commission of West Virginia applicable thereto, discontinue and shut off both the water and sewerage services and facilities of the System to all delinquent users of the services and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, and will not restore either water or sewerage services of the System until all delinquent charges for the service and facilities of the System, or of the waterworks system or sewerage system constituting a part thereof, plus reasonable interest penalty charges for the restoration of service, have been fully paid.

Section 7.14. No Competing Franchise. To the extent allowable by law, the City will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.15. Books, Records and Facilities. The City 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 City shall permit the Authority, the Infrastructure

Council, 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 City shall submit to the Authority, the Infrastructure Council, 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 Agreements or Grant Receipts or other sources of financing for the Project.

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

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

The accounting system for the System shall follow currently accepted accounting practices in accordance with the rules and regulations of the West Virginia Public Service Commission and the Act. Separate control accounting records shall be maintained by the City. 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 City. The City 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 City shall be reported to such agent of the City as the Council shall direct.

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

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

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

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

The City shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any owner or owners of Bonds issued pursuant to this Ordinance, and shall submit said report to the Authority, the Infrastructure Council and the DEP. The report of said audit shall include a statement that the City is in compliance with the terms and provisions of the Act and the Loan Agreements and that the City's revenues are adequate to meet its operation and maintenance expenses and debt service requirements.

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

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

The City 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 City shall permit the Authority, the Infrastructure Council 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 City shall also provide the Authority, the Infrastructure Council 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, the Infrastructure Council and the DEP with respect to the System pursuant to the Act.

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

operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds who shall file his address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

Section 7.17. Mandatory Connection. The mandatory use of the sewerage facilities portion of the System is essential and necessary to protect and preserve the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the City and 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 Department 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 sewerage facilities portion of the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matter from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the sewerage facilities portion 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 sewerage facilities portion of the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the City 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 7.18. Compliance with Loan Agreements. The City agrees to comply with all the terms and conditions of the Loan Agreement. Notwithstanding anything herein to the contrary, the City will provide the DEP and the Infrastructure Council with copies of all documents submitted to the Authority.

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

A. PUBLIC PURPOSE BONDS. The City shall use the Bond proceeds solely for the Project and as otherwise set forth herein, and the Project will be solely operated as a public purpose and as local governmental activity of the City.

B. **PRIVATE ACTIVITY BOND COVENANT.** The City shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the City 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 City will take all actions necessary to comply with the Code in order to assure the tax-exempt status of the Bonds.

C. **PRIVATE LOAN LIMITATION.** The City shall assure that not in excess of 5% of the Net Proceeds of the Bonds 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.

D. **FEDERAL GUARANTEE PROHIBITION.** The City 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 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

E. **INFORMATION RETURN.** The City 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.

F. **FURTHER ACTIONS.** The City will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Bonds will be and remain excludible from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.20. Statutory Mortgage Lien. For the further protection of the Bondholders, a statutory mortgage lien upon the System is granted and created by the Bond Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bonds and shall be for the benefit of all Owners of the Bonds.

Section 7.21. Rebate Covenant. The City 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 above, the Original Bonds are not private activity bonds within the meaning of the Code, and 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 City. The City 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 1997, in which the first series of Original Bonds are to be issued. Therefore, the City believes that it is excepted from the rebate requirements of Section 148(f) of the Code. Notwithstanding the foregoing, if the City is in fact subject to such rebate requirements, the City hereby covenants to rebate to the United States the amounts required by the Code and to take all steps necessary to make such rebates as further

described in Section 8.03. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of interest on the Original Bonds.

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 Ordinance, other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank or such other bank or national banking association holding such fund or account, as the case may be, at the direction of the City in any Qualified Investments to the fullest extent possible under applicable laws, this Ordinance, the need for such moneys for the purposes set forth herein and the specified restrictions and provisions set forth in this Section 8.01 and in Sections 8.02 and 8.03.

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

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the City's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The City shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Original Bonds. In addition, the City covenants to comply with all regulations, from time to time in effect and applicable to the Original Bonds, as may be necessary in order to maintain the exclusion from gross income for federal income tax purposes of interest on the Authority's bonds used to fund the purchase of the 1997 Subordinate Bonds and fully comply with Section 148(f) of the Code, and covenants to take

such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such regulations, regardless of whether such actions may be contrary to any of the provisions of the Ordinance.

If it is determined that the City does not qualify for an exception to Section 148 of the Code or the City is otherwise subject to rebate in connection with the Original Bonds, the City shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the City shall deposit, or cause to be deposited, with the Depository Bank in a separate fund designated the Rebate Fund, such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder, if any, and used only for payment of rebatable arbitrage to the United States. The City shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the City, to be used for any lawful purpose of the System. The City shall remit payments to the United States, in the time and at the address prescribed by the regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the City shall assure that such payments are made by the City to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the City shall cooperate with the Authority in preparing 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 City. To the extent not so performed by the Authority, the City and the Depository Bank (at the expense of the City) may provide for the employment of independent attorneys, accountants or consultants, compensated on such reasonable basis as the City or the Depository Bank may deem appropriate, in order to assure compliance with this Section 8.03. The City shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Original Bonds from gross income for federal income tax purposes.

The City shall submit to the Authority, within 15 days following the end of each Bond Year, a certified copy of its rebate calculation and certificate with respect thereto or, if the City qualifies for the small governmental issue exception to rebate or any other exception therefrom, then the City shall submit to the Authority a certificate stating that it

is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Original Bonds subject to rebate. The City 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 defined in the Code).

The City shall 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 relating thereto as may be requested by the Authority and shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as that term is defined in the Code) from time to time as the Authority may request.

Section 8.04. Restriction of Yield and Bond Proceeds. The City 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 series of Original Bonds; or

(B) If default occurs in the City's observance of any of the covenants, agreements or conditions on its part relating to such Bonds set forth in this Ordinance, any supplemental resolution, or in such Bonds, and such default shall have continued for a period of 30 days after the City shall have been given written notice of such default by any bank or banking association holding any fund or account hereunder or an owner of such Bonds; or

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

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

Section 9.03. Appointment of Receiver. Any Bondholder may, by proper legal action, compel the performance of the duties of the City 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 default in the payment of interest on any Bonds when the same shall become due, or in the payment of the principal of any Bond or Bonds, either at the specified date of maturity thereof or at a date set for redemption thereof, or otherwise in the performance of any covenant contained in the Ordinance other than as to such payment and such default shall continue for a period of thirty (30) days after written notice to the City of such default, any Bondholder shall, in addition to all other remedies or rights, have the right, by appropriate legal proceedings, to obtain the appointment of a receiver to administer the System on behalf

of the City, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the Bonds and any interest thereon, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of the 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, maintain, manage and control such facilities, and each and every part thereof, and in the name of the City exercise all the rights and powers of the City with respect to said facilities as the City itself might do.

Whenever all that is due upon the Bonds issued pursuant to the Ordinance and interest thereon and under any covenants of the 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 City 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 or her, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the City and for the joint protection and benefit of the City and Owners of Bonds issued pursuant to the 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 City and Bondholders, and the curing and making good of any default under the provisions of the Ordinance, and the title to and ownership of said System shall remain in the City, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the City shall pay or cause to be paid, or there shall otherwise be paid, to the Owners of all Bonds the principal thereof, and redemption premium, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Ordinance, then the pledge of Net Revenues and any other moneys and securities pledged under this Ordinance and all covenants, agreements and other obligations of the City to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient to pay, as and when due, the principal of and interest on the Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section. All Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agents, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments and interest due and to become due on said Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purposes other than, and shall be held in trust for, the payment of the principal of and redemption premium, if applicable, on and interest on said Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if applicable, on and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, 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.

Section 10.02. Defeasance of Notes. The Notes shall be defeased as set forth in a resolution supplemental hereto.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Modification or Amendment. No material modification or amendment of this Ordinance or of any ordinance or resolution amendatory hereof or supplemental hereto which would materially and adversely affect the rights of Bondholders shall be made without the consent in writing of the owners of two-thirds (2/3) or more in principal amount of the Bonds then Outstanding and to be affected by said modification; provided, however, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the City to pay such principal and interest out of the revenues of the System without the consent of the owner thereof. No amendment or modification shall be made which would reduce the percentage of the principal amount of Bonds required for consent to the above permitted amendments or modifications.

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

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

Section 11.04. Covenant of Due Procedure. The City 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 of West Virginia applicable thereto; and that the Mayor, the Recorder and members of 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. Abstract of Ordinance and Notice of Public Hearing. Upon adoption hereof, the abstract of this Ordinance in the form set forth in Exhibit C attached hereto and incorporated herein by reference, shall be published once a week for two successive weeks, with at least six full days intervening between each publication, in the Wetzel Chronicle, a newspaper of general circulation in the City of New Martinsville, together with a notice stating that this Ordinance has been adopted and that the City contemplates the issuance of the Bonds, and that any person interested may appear before the City upon a certain date, 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 City for review by interested persons during office hours of the City. The Council hereby determines that the Abstract contains

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

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

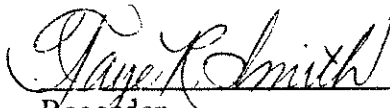
First Reading: February 11, 1997

Second Reading
and Passage: February 18, 1997

Public Hearing: March 3, 1997

This Ordinance was placed into effect following the public hearing held on March 3, 1997.

(SEAL)


Recorder


Mayor

EXHIBIT A

Project Description

Acquisition and construction of the proposed 1.37 mgd wastewater treatment plant; 1,500 feet of sewer joint sealing; 825 feet of sewer lines; 6,500 feet of sewer replacement; emergency generator improvements at two existing lift stations; rehabilitate two existing lift stations; and 22,000 feet of force main and all necessary appurtenances thereto.

EXHIBIT B

[Loan Agreements]

(See Tab No. 11)

EXHIBIT C

CITY OF NEW MARTINSVILLE, WEST VIRGINIA NOTICE OF PUBLIC HEARING and ABSTRACT OF BOND ORDINANCE

Notice is hereby given to any person interested that on February 18, 1997, the Council of the City of New Martinsville, West Virginia (the "City") adopted an ordinance which:

1. Authorized the acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewer portion of existing combined waterworks and sewer system ("System") of the City and the financing of the permanent cost, not otherwise provided, thereof through the issuance of not more than \$8,000,000 in aggregate principal amount of Waterworks and Sewerage System Bonds, Series 1997 A, 1997 B and 1997 C (the "Bonds"). The Project, estimated at \$8,800,000, was authorized to be financed with the Bond proceeds and grants in the approximate amount of \$1,161,395. Authorized the refunding and defeasance of the City's Series 1995 Bonds.

2. Directed that the Bonds be issued in three series and in the form of one bond each, fully registered with a payment record attached; that interest on the Bonds shall be no more than three per centum (3%) per annum, that said Bonds mature in not more than forty years and that said Bonds be sold for the par value thereof; that the Bonds be executed in the name of the City by the Mayor, and the seal of the City be affixed thereto and attested to by the Recorder; that such Bonds be duly authenticated by the Registrar and delivered to the West Virginia Water Development Authority as the Original Purchaser on behalf of the West Virginia Infrastructure and Jobs Development Council and the West Virginia Division of Environmental Protection.

3. Directed the establishment of the Revenue Fund and the disposition of the System revenues; provided for the payment of operating expenses; provided for the monthly

payment of principal and interest when due; provided for the creation of reserve accounts for the Bonds and a Renewal and Replacement Fund; and provided for the use of excess funds of the System.

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

5. Pledged to payment of the Bonds the Gross Revenues of the System.

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

7. Provided for insurance coverage on the Project; provided that the City will render no free service; provided for the enforcement of collection of fees, rates, rentals or other charges for service.

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

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

The City contemplates the issuance of the Bonds described in, and under the conditions set forth in the Ordinance abstracted above. Any person interested may appear before the Council of the City of New Martinsville at a regular meeting thereof at 7:30 p.m., prevailing time, on Monday, March 3, 1997, at the Municipal Building, 197 Main Street, New Martinsville, West Virginia, and present objections and be heard as to whether the above described Ordinance shall be put into effect.

A certified copy of the Ordinance as adopted by the Council of City on February 18, 1997, is on file in the Office of the Recorder for review by interested persons during the regular office of such office, to-wit: 8:00 a.m. to 4:30 p.m. Mondays through Fridays.

Recorder - City of New Martinsville, West Virginia

CERTIFICATE OF TRUTH AND ACCURACY

I, the undersigned, as Recorder of the City of New Martinsville, Wetzel County, West Virginia, do hereby certify that the foregoing document is a true and accurate copy of the official record of the City of New Martinsville, such records being in the custody of the undersigned and maintained at the City of New Martinsville, Municipal Building, New Martinsville, Wetzel County, West Virginia, and that the action taken by the Council in the foregoing document remains in full force and effect and has not been amended.

Dated this 13th day of March, 1997.


Recorder

[SEAL]

CHASFS3:46428

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 Department of Commerce, Labor and Environmental Resources (the "DEP"), and the local government designated below (the "Local Government").

CITY OF NEW MARTINSVILLE

(Local Government)

W I T N E S S E T H:

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 construction, acquisition and 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 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 Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and 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 a copy of each 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 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.

City of New Martinsville

[Proper Name of Local Government]

(SEAL)

By: Richard P. Snyder

Its: Mayor

Attest:

Gay R. Smith
Its Recorder

Date: *Feb. 4, 1997*

WEST VIRGINIA DIVISION OF
ENVIRONMENTAL PROTECTION

By: *Barbara S. Taylor*
Its: Chief, Office of Water Resources
Date: *2/6/97*

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By: *Daniel B. Zerkow*
Its: Director

Attest:

Barbara B. Meadows
Secretary-Treasurer

Date: January 22, 1997

APPROVED AS TO FORM PRIOR TO
ACKNOWLEDGEMENT THEREOF, THIS
25th day of *August*, 19 *92*.

BY: *Dawn E. Wayfield*
Attorney General
DEPUTY ATTORNEY GENERAL

EXHIBIT A

Certificate of Performance
for
Publicly Owned Treatment Works

I. As required by the Clean Water Act under Title VI, Section 602(b)(6), and the Loan Agreement, the Local Government does hereby certify that it has :

- a. Provided to the WV DEP written notification of the actual date of initiation of operation. This date of initiation was on the _____ day of _____, 19____.
- b. Utilized the services of _____,
our prime engineer who either:

Supervised our project construction; and/or

Provided architectural and engineering services during construction.

For a period of twelve (12) months following the initiation of operations, the prime engineer provided the following services:

- 1) Directed project operation and maintenance; and
- 2) Trained operating personnel and prepared the required curricula and training materials, and revised the operation and maintenance manual(s); and
- 3) Advised the Local Government on the status of the project meeting performance standards.

II. The Local Government, having access to and control of all the necessary data, and having monitored the construction of this project, hereby certifies that the project built under this Loan Agreement meets:

- a. The specifications for which the project was planned, designed, and built.
- b. The effluent limitations contained in its NPDES permit, if applicable.

Local Government Name

Local Government Representative's Name and Title

Date

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - ____

Report Month: _____

	<u>CURRENT</u> <u>MONTH</u>	<u>YEAR TO</u> <u>DATE</u>	<u>BUDGET YEAR</u> <u>TO DATE</u>	<u>DIFFERENCE</u>
1. <u>ITEM</u> 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 _____, 19__.

[Name of Local Government]

By: _____
Authorized Officer

EXHIBIT C

PAYMENT REQUISITION FORM

(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]

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

EXHIBIT F

[Monthly Payment Form]

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

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
1201 Dunbar Avenue
Dunbar, West Virginia 25064

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	\$ 385,000
Purchase Price of Bonds	\$ 385,000

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 June 1, 1999, 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 no other obligations outstanding which have a lien as to the source of and security for payment equal to or superior to the lien being granted by the Bonds ~~or-{provide list of outstanding debt}~~.

The Local 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.

SCHEDULE Y

New Martinsville, WV \$385,000.00 20 Year Repayment 0% Interest, 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/1999	-	-	-	-
6/01/1999	4,812.50	-	-	4,812.50
9/01/1999	4,812.50	-	-	4,812.50
12/01/1999	4,812.50	-	-	4,812.50
3/01/2000	4,812.50	-	-	4,812.50
6/01/2000	4,812.50	-	-	4,812.50
9/01/2000	4,812.50	-	-	4,812.50
12/01/2000	4,812.50	-	-	4,812.50
3/01/2001	4,812.50	-	-	4,812.50
6/01/2001	4,812.50	-	-	4,812.50
9/01/2001	4,812.50	-	-	4,812.50
12/01/2001	4,812.50	-	-	4,812.50
3/01/2002	4,812.50	-	-	4,812.50
6/01/2002	4,812.50	-	-	4,812.50
9/01/2002	4,812.50	-	-	4,812.50
12/01/2002	4,812.50	-	-	4,812.50
3/01/2003	4,812.50	-	-	4,812.50
6/01/2003	4,812.50	-	-	4,812.50
9/01/2003	4,812.50	-	-	4,812.50
12/01/2003	4,812.50	-	-	4,812.50
3/01/2004	4,812.50	-	-	4,812.50
6/01/2004	4,812.50	-	-	4,812.50
9/01/2004	4,812.50	-	-	4,812.50
12/01/2004	4,812.50	-	-	4,812.50
3/01/2005	4,812.50	-	-	4,812.50
6/01/2005	4,812.50	-	-	4,812.50
9/01/2005	4,812.50	-	-	4,812.50
12/01/2005	4,812.50	-	-	4,812.50
3/01/2006	4,812.50	-	-	4,812.50
6/01/2006	4,812.50	-	-	4,812.50
9/01/2006	4,812.50	-	-	4,812.50
12/01/2006	4,812.50	-	-	4,812.50
3/01/2007	4,812.50	-	-	4,812.50
6/01/2007	4,812.50	-	-	4,812.50
9/01/2007	4,812.50	-	-	4,812.50
12/01/2007	4,812.50	-	-	4,812.50
3/01/2008	4,812.50	-	-	4,812.50
6/01/2008	4,812.50	-	-	4,812.50
9/01/2008	4,812.50	-	-	4,812.50
12/01/2008	4,812.50	-	-	4,812.50
3/01/2009	4,812.50	-	-	4,812.50
6/01/2009	4,812.50	-	-	4,812.50
9/01/2009	4,812.50	-	-	4,812.50
12/01/2009	4,812.50	-	-	4,812.50
3/01/2010	4,812.50	-	-	4,812.50
6/01/2010	4,812.50	-	-	4,812.50
9/01/2010	4,812.50	-	-	4,812.50
12/01/2010	4,812.50	-	-	4,812.50
3/01/2011	4,812.50	-	-	4,812.50
6/01/2011	4,812.50	-	-	4,812.50

New Martinsville, WV \$385,000.00 20 Year Repayment 0% Interest, 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2011	4,812.50	-	-	4,812.50
12/01/2011	4,812.50	-	-	4,812.50
3/01/2012	4,812.50	-	-	4,812.50
6/01/2012	4,812.50	-	-	4,812.50
9/01/2012	4,812.50	-	-	4,812.50
12/01/2012	4,812.50	-	-	4,812.50
3/01/2013	4,812.50	-	-	4,812.50
6/01/2013	4,812.50	-	-	4,812.50
9/01/2013	4,812.50	-	-	4,812.50
12/01/2013	4,812.50	-	-	4,812.50
3/01/2014	4,812.50	-	-	4,812.50
6/01/2014	4,812.50	-	-	4,812.50
9/01/2014	4,812.50	-	-	4,812.50
12/01/2014	4,812.50	-	-	4,812.50
3/01/2015	4,812.50	-	-	4,812.50
6/01/2015	4,812.50	-	-	4,812.50
9/01/2015	4,812.50	-	-	4,812.50
12/01/2015	4,812.50	-	-	4,812.50
3/01/2016	4,812.50	-	-	4,812.50
6/01/2016	4,812.50	-	-	4,812.50
9/01/2016	4,812.50	-	-	4,812.50
12/01/2016	4,812.50	-	-	4,812.50
3/01/2017	4,812.50	-	-	4,812.50
6/01/2017	4,812.50	-	-	4,812.50
9/01/2017	4,812.50	-	-	4,812.50
12/01/2017	4,812.50	-	-	4,812.50
3/01/2018	4,812.50	-	-	4,812.50
6/01/2018	4,812.50	-	-	4,812.50
9/01/2018	4,812.50	-	-	4,812.50
12/01/2018	4,812.50	-	-	4,812.50
3/01/2019	4,812.50	-	-	4,812.50
TOTAL	385,000.00	-	-	385,000.00

*

*Plus a one-percent administrative fee paid quarterly in the amount of \$487.27. The total administrative fee over the life of the loan is \$38,981.60.

YIELD STATISTICS

Accrued Interest from 03/01/1999 to 03/01/1999...	-
Average Life.....	10.125 YEARS
Bond Years.....	3,898.13
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	1.0012500%
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	1.0012500%

LOAN AGREEMENT

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

CITY OF NEW MARTINSVILLE, WEST VIRGINIA
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

1.9 "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.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

1.12 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 Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives 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 with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized 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 Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, 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 Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

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

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

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

2.12 The Governmental Agency, 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 C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(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, if any (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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, 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;

(xix) To the extent applicable, that the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency,

the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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.

CITY OF NEW MARTINSVILLE, WEST VIRGINIA

(SEAL)

By: Richard B. Snyder
Its: Mayor

Attest:

Date: March 13, 1997

Gaye R. Smith
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daine B. Lynbosky
Director

Attest:

Date: March 13, 1997

Barbara B. Meadows
Secretary-Treasurer

EXHIBIT A

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 between the Issuer and the West Virginia Water Development Authority (the "Authority") 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 _____ 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)(ii) 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 B

[Opinion of Bond Counsel for Governmental Agency]

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
c/o West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

Ladies and Gentlemen:

We are bond counsel to _____ (the
"Governmental Agency"), 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 Governmental Agency and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Governmental Agency, 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 and principal payable in installments on September 1, December 1, March 1 and June 1 of each year, beginning December 1, 1997, at the rate as set forth in Exhibit A incorporated in and made a part of the Bonds.

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 Governmental Agency 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 Governmental Agency and is a valid and binding special obligation of the Governmental Agency 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 Governmental Agency without the consent of the Authority.

3. The Governmental Agency 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 Governmental Agency 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 Governmental Agency, 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. [If required, 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,

Monthly Financial Report

[Name of Bond Issue]

Report Month: _____

-22-

Witnesseth my signature this ___ day of ____, 19__.

[Name of Governmental Agency]

By: _____
Authorized Officer

CHASFS3:58321

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$6,720,000
Purchase Price of Bonds	\$6,720,000

Principal on the Bonds is payable quarterly, commencing June 1, 1999, to and including March 1, 2037, at a rate of 0% per annum amortized over a forty year period. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 commencing June 1, 1999, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on parity with the Governmental Agency's Series 1997A and Series 1997C Bonds issued simultaneously therewith.

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

The Bonds will be fully registered in the name of the West Virginia Water Development Authority as to principal and such Bonds shall grant the Authority a first parity lien on the gross revenues of the Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

City of New Martinsville, West Virginia
 \$6,720,000 Infrastructure Fund Loan
 1996 Series A
 0% Interest
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/1999	-	-	-
6/01/1999	44,210.53	-	44,210.53
9/01/1999	44,210.53	-	44,210.53
12/01/1999	44,210.53	-	44,210.53
3/01/2000	44,210.53	-	44,210.53
6/01/2000	44,210.53	-	44,210.53
9/01/2000	44,210.53	-	44,210.53
12/01/2000	44,210.53	-	44,210.53
3/01/2001	44,210.53	-	44,210.53
6/01/2001	44,210.53	-	44,210.53
9/01/2001	44,210.53	-	44,210.53
12/01/2001	44,210.53	-	44,210.53
3/01/2002	44,210.53	-	44,210.53
6/01/2002	44,210.53	-	44,210.53
9/01/2002	44,210.53	-	44,210.53
12/01/2002	44,210.53	-	44,210.53
3/01/2003	44,210.53	-	44,210.53
6/01/2003	44,210.53	-	44,210.53
9/01/2003	44,210.53	-	44,210.53
12/01/2003	44,210.53	-	44,210.53
3/01/2004	44,210.53	-	44,210.53
6/01/2004	44,210.53	-	44,210.53
9/01/2004	44,210.53	-	44,210.53
12/01/2004	44,210.53	-	44,210.53
3/01/2005	44,210.53	-	44,210.53
6/01/2005	44,210.53	-	44,210.53
9/01/2005	44,210.53	-	44,210.53
12/01/2005	44,210.53	-	44,210.53
3/01/2006	44,210.53	-	44,210.53
6/01/2006	44,210.53	-	44,210.53
9/01/2006	44,210.53	-	44,210.53
12/01/2006	44,210.53	-	44,210.53
3/01/2007	44,210.53	-	44,210.53
6/01/2007	44,210.53	-	44,210.53
9/01/2007	44,210.53	-	44,210.53
12/01/2007	44,210.53	-	44,210.53
3/01/2008	44,210.53	-	44,210.53
6/01/2008	44,210.53	-	44,210.53
9/01/2008	44,210.53	-	44,210.53
12/01/2008	44,210.53	-	44,210.53
3/01/2009	44,210.53	-	44,210.53
6/01/2009	44,210.53	-	44,210.53
9/01/2009	44,210.53	-	44,210.53
12/01/2009	44,210.53	-	44,210.53
3/01/2010	44,210.53	-	44,210.53
6/01/2010	44,210.53	-	44,210.53
9/01/2010	44,210.53	-	44,210.53

City of New Martinsville, West Virginia
\$6,720,000 Infrastructure Fund Loan
1996 Series A
Of Interest
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2010	44,210.53	-	44,210.53
3/01/2011	44,210.53	-	44,210.53
6/01/2011	44,210.53	-	44,210.53
9/01/2011	44,210.53	-	44,210.53
12/01/2011	44,210.53	-	44,210.53
3/01/2012	44,210.53	-	44,210.53
6/01/2012	44,210.53	-	44,210.53
9/01/2012	44,210.53	-	44,210.53
12/01/2012	44,210.53	-	44,210.53
3/01/2013	44,210.53	-	44,210.53
6/01/2013	44,210.53	-	44,210.53
9/01/2013	44,210.53	-	44,210.53
12/01/2013	44,210.53	-	44,210.53
3/01/2014	44,210.53	-	44,210.53
6/01/2014	44,210.53	-	44,210.53
9/01/2014	44,210.53	-	44,210.53
12/01/2014	44,210.53	-	44,210.53
3/01/2015	44,210.53	-	44,210.53
6/01/2015	44,210.53	-	44,210.53
9/01/2015	44,210.53	-	44,210.53
12/01/2015	44,210.53	-	44,210.53
3/01/2016	44,210.53	-	44,210.53
6/01/2016	44,210.53	-	44,210.53
9/01/2016	44,210.53	-	44,210.53
12/01/2016	44,210.53	-	44,210.53
3/01/2017	44,210.53	-	44,210.53
6/01/2017	44,210.53	-	44,210.53
9/01/2017	44,210.53	-	44,210.53
12/01/2017	44,210.53	-	44,210.53
3/01/2018	44,210.53	-	44,210.53
6/01/2018	44,210.53	-	44,210.53
9/01/2018	44,210.53	-	44,210.53
12/01/2018	44,210.53	-	44,210.53
3/01/2019	44,210.53	-	44,210.53
6/01/2019	44,210.53	-	44,210.53
9/01/2019	44,210.53	-	44,210.53
12/01/2019	44,210.53	-	44,210.53
3/01/2020	44,210.53	-	44,210.53
6/01/2020	44,210.53	-	44,210.53
9/01/2020	44,210.53	-	44,210.53
12/01/2020	44,210.53	-	44,210.53
3/01/2021	44,210.53	-	44,210.53
6/01/2021	44,210.53	-	44,210.53
9/01/2021	44,210.53	-	44,210.53
12/01/2021	44,210.53	-	44,210.53
3/01/2022	44,210.53	-	44,210.53
6/01/2022	44,210.53	-	44,210.53

City of New Martinsville, West Virginia
\$6,720,000 Infrastructure Fund Loan
1996 Series A
0% Interest
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2022	44,210.53	-	44,210.53
12/01/2022	44,210.53	-	44,210.53
3/01/2023	44,210.53	-	44,210.53
6/01/2023	44,210.52	-	44,210.52
9/01/2023	44,210.52	-	44,210.52
12/01/2023	44,210.52	-	44,210.52
3/01/2024	44,210.52	-	44,210.52
6/01/2024	44,210.52	-	44,210.52
9/01/2024	44,210.52	-	44,210.52
12/01/2024	44,210.52	-	44,210.52
3/01/2025	44,210.52	-	44,210.52
6/01/2025	44,210.52	-	44,210.52
9/01/2025	44,210.52	-	44,210.52
12/01/2025	44,210.52	-	44,210.52
3/01/2026	44,210.52	-	44,210.52
6/01/2026	44,210.52	-	44,210.52
9/01/2026	44,210.52	-	44,210.52
12/01/2026	44,210.52	-	44,210.52
3/01/2027	44,210.52	-	44,210.52
6/01/2027	44,210.52	-	44,210.52
9/01/2027	44,210.52	-	44,210.52
12/01/2027	44,210.52	-	44,210.52
3/01/2028	44,210.52	-	44,210.52
6/01/2028	44,210.52	-	44,210.52
9/01/2028	44,210.52	-	44,210.52
12/01/2028	44,210.52	-	44,210.52
3/01/2029	44,210.52	-	44,210.52
6/01/2029	44,210.52	-	44,210.52
9/01/2029	44,210.52	-	44,210.52
12/01/2029	44,210.52	-	44,210.52
3/01/2030	44,210.52	-	44,210.52
6/01/2030	44,210.52	-	44,210.52
9/01/2030	44,210.52	-	44,210.52
12/01/2030	44,210.52	-	44,210.52
3/01/2031	44,210.52	-	44,210.52
6/01/2031	44,210.52	-	44,210.52
9/01/2031	44,210.52	-	44,210.52
12/01/2031	44,210.52	-	44,210.52
3/01/2032	44,210.52	-	44,210.52
6/01/2032	44,210.52	-	44,210.52
9/01/2032	44,210.52	-	44,210.52
12/01/2032	44,210.52	-	44,210.52
3/01/2033	44,210.52	-	44,210.52
6/01/2033	44,210.52	-	44,210.52
9/01/2033	44,210.52	-	44,210.52
12/01/2033	44,210.52	-	44,210.52
3/01/2034	44,210.52	-	44,210.52

City of New Martinsville, West Virginia
\$6,720,000 Infrastructure Fund Loan
1996 Series A
0% Interest
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2034	44,210.52	-	44,210.52
9/01/2034	44,210.52	-	44,210.52
12/01/2034	44,210.52	-	44,210.52
3/01/2035	44,210.52	-	44,210.52
6/01/2035	44,210.52	-	44,210.52
9/01/2035	44,210.52	-	44,210.52
12/01/2035	44,210.52	-	44,210.52
3/01/2036	44,210.52	-	44,210.52
6/01/2036	44,210.52	-	44,210.52
9/01/2036	44,210.52	-	44,210.52
12/01/2036	44,210.52	-	44,210.52
3/01/2037	44,210.52	-	44,210.52
TOTAL	6,720,000.00	-	6,720,000.00

YIELD STATISTICS

Bond Year Dollars.....	\$128,519.99
Average Life.....	19.125 Years
Average Coupon.....	-
Net Interest Cost (NIC).....	-
True Interest Cost (TIC).....	0.0000000%
Bond Yield for Arbitrage Purposes.....	0.0000000%
All Inclusive Cost (AIC).....	0.0000000%
IRS FORM 8038	
Net Interest Cost.....	-
Weighted Average Maturity.....	19.125 Years

Ferris, Baker Watts, Inc.
Public Finance Department

FILE = NHARTINS-Zero%loan- SINGLE PURPOSE
2/28/1997 3:22 PM

LOAN AGREEMENT

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

CITY OF NEW MARTINSVILLE, WEST VIRGINIA
(Governmental Agency)

WITNESSETH:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A, of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Council Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, who shall not be a regular, full-time employee of the State or any of its agencies, commissions or political sub-divisions, and designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Division of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

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

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

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

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

1.9 "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.

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

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

1.12 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 Governmental Agency by the Consulting Engineers, the Authority and Council having found, to the extent applicable, that the Project is consistent with the Act.

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

2.3 All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency, subject to any mortgage lien or

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

2.4 The Governmental Agency agrees that the Authority and its duly authorized agents shall have the right at all reasonable times to enter upon the Project site and Project facilities and to examine and inspect the same. The Governmental Agency further agrees that the Authority and its duly authorized agents and representatives 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 with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Governmental Agency shall keep complete and accurate records of the cost of acquiring the Project site and the costs of constructing, acquiring and installing the Project. The Governmental Agency shall permit the Authority, acting by and through its Director or his duly authorized 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 Governmental Agency shall submit to the Authority such documents and information as it may reasonably require in connection with the construction, acquisition and installation of the Project, 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 Governmental Agency agrees that it will permit the Authority and its agents and representatives to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof or if the Project is an improvement to an existing system at any reasonable time following commencement of construction.

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

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

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

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

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

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

2.12 The Governmental Agency, 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 C and incorporated herein by reference, and forward a copy by the 15th of each month to the Authority and Council.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

(f) The Governmental Agency shall have obtained any and all approvals for the issuance of the Local Bonds required by State law, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local

counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the

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

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until it has available in the Infrastructure Fund funds sufficient to purchase all the Local Bonds and that, prior to such execution, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

(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, if any (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 Governmental Agency has existing outstanding indebtedness which has greater coverage or renewal and replacement fund requirements, then the greater requirements will prevail until said existing indebtedness is paid in full.

(b) Covenants substantially as follows:

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

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

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

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

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

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

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

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

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

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

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

(xvii) That the Governmental Agency shall take any and all action, or shall refrain from taking any action, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for Federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xviii) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Application, 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;

(xix) To the extent applicable, that the Governmental Agency 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 Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider; and

(xx) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Code) from time to time as the Authority may request.

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

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

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

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

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

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the State's general obligation bonds unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to Section 4.6 hereof, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency,

the Authority may exercise any or all of the rights and powers granted under the Act and State law, including without limitation the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

7.2 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

- (ii) termination by the Authority pursuant to Section 6.1 hereof; or
- (iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

7.9 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Division of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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.

CITY OF NEW MARTINSVILLE, WEST VIRGINIA

(SEAL)

By: Richard P. Snyder
Its: Mayor

Attest:

Date: March 13, 1997

Gaye R. Smith
Its: Recorder

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: Daniel B. Lyenker
Director

Attest:

Date: March 13, 1997

Barbara B. Meadows
Secretary-Treasurer

SCHEDULE X

DESCRIPTION OF BONDS

Principal Amount of Bonds	\$420,000
Purchase Price of Bonds	\$420,000

Principal and interest on the Bonds is payable quarterly, commencing June 1, 2019, to and including March 1, 2037, at a rate of 1% per annum amortized over a twenty year period. Quarterly payments will be made thereafter on each September 1, December 1, March 1 and June 1 commencing June 1, 2019, as set forth on Schedule Y attached hereto and incorporated herein by reference. The Bonds shall be issued on parity with the Governmental Agency's Series 1997A and Series 1997B Bonds issued simultaneously therewith. The Governmental Agency shall begin making monthly deposits to the Series 1997C Reserve Account on the 1st of the month following the required fund up the Series 1997A Bonds Reserve Account

The Governmental Agency shall submit its payments monthly to the West Virginia Municipal Bond Commission which will make quarterly payments to the West Virginia Water Development Authority at such address as is given to the West Virginia Municipal Bond Commission in writing by the Authority.

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 Governmental Agency's system.

The Governmental Agency may prepay the Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with Bonds which request must be filed at least 60 days prior to the intended date of issuance.

SCHEDULE Y

City of New Martinsville, West Virginia
 \$420,000 Infrastructure Fund Loan
 1996 Series A
 1% Interest
 DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
3/01/2019				
6/01/2019	5,331.34	1.000%	1,050.00	6,381.34
9/01/2019	5,344.67	1.000%	1,036.67	6,381.34
12/01/2019	5,358.03	1.000%	1,023.31	6,381.34
3/01/2020	5,371.43	1.000%	1,009.91	6,381.34
6/01/2020	5,384.86	1.000%	996.49	6,381.35
9/01/2020	5,398.32	1.000%	983.02	6,381.34
12/01/2020	5,411.82	1.000%	969.53	6,381.35
3/01/2021	5,425.35	1.000%	956.00	6,381.35
6/01/2021	5,438.91	1.000%	942.44	6,381.35
9/01/2021	5,452.51	1.000%	928.84	6,381.35
12/01/2021	5,466.14	1.000%	915.21	6,381.35
3/01/2022	5,479.80	1.000%	901.54	6,381.34
6/01/2022	5,493.50	1.000%	887.84	6,381.34
9/01/2022	5,507.24	1.000%	874.11	6,381.35
12/01/2022	5,521.00	1.000%	860.34	6,381.34
3/01/2023	5,534.81	1.000%	846.54	6,381.35
6/01/2023	5,548.64	1.000%	832.70	6,381.34
9/01/2023	5,562.52	1.000%	818.83	6,381.35
12/01/2023	5,576.42	1.000%	804.92	6,381.34
3/01/2024	5,590.36	1.000%	790.98	6,381.34
6/01/2024	5,604.34	1.000%	777.01	6,381.35
9/01/2024	5,618.35	1.000%	762.99	6,381.34
12/01/2024	5,632.39	1.000%	748.95	6,381.34
3/01/2025	5,646.48	1.000%	734.87	6,381.35
6/01/2025	5,660.59	1.000%	720.75	6,381.34
9/01/2025	5,674.74	1.000%	706.60	6,381.34
12/01/2025	5,688.93	1.000%	692.41	6,381.34
3/01/2026	5,703.15	1.000%	678.19	6,381.34
6/01/2026	5,717.41	1.000%	663.93	6,381.34
9/01/2026	5,731.70	1.000%	649.64	6,381.34
12/01/2026	5,746.03	1.000%	635.31	6,381.34
3/01/2027	5,760.40	1.000%	620.95	6,381.35
6/01/2027	5,774.80	1.000%	606.54	6,381.34
9/01/2027	5,789.24	1.000%	592.11	6,381.35
12/01/2027	5,803.71	1.000%	577.63	6,381.34
3/01/2028	5,818.22	1.000%	563.13	6,381.35
6/01/2028	5,832.76	1.000%	548.58	6,381.34
9/01/2028	5,847.35	1.000%	534.00	6,381.35
12/01/2028	5,861.96	1.000%	519.38	6,381.34
3/01/2029	5,876.62	1.000%	504.72	6,381.34
6/01/2029	5,891.31	1.000%	490.03	6,381.34
9/01/2029	5,906.04	1.000%	475.30	6,381.34
12/01/2029	5,920.80	1.000%	460.54	6,381.34
3/01/2030	5,935.61	1.000%	445.74	6,381.35
6/01/2030	5,950.45	1.000%	430.90	6,381.35
9/01/2030	5,965.32	1.000%	416.02	6,381.34

City of New Martinsville, West Virginia
\$420,000 Infrastructure Fund Loan
1996 Series A
1% Interest
DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+I
12/01/2030	5,980.24	1.000%	401.11	6,381.35
3/01/2031	5,995.19	1.000%	386.15	6,381.35
6/01/2031	6,010.17	1.000%	371.17	6,381.34
9/01/2031	6,025.20	1.000%	356.15	6,381.35
12/01/2031	6,040.26	1.000%	341.08	6,381.34
3/01/2032	6,055.36	1.000%	325.98	6,381.34
6/01/2032	6,070.50	1.000%	310.84	6,381.34
9/01/2032	6,085.68	1.000%	295.67	6,381.35
12/01/2032	6,100.89	1.000%	280.45	6,381.34
3/01/2033	6,116.14	1.000%	265.20	6,381.34
6/01/2033	6,131.43	1.000%	249.91	6,381.34
9/01/2033	6,146.76	1.000%	234.58	6,381.34
12/01/2033	6,162.13	1.000%	219.21	6,381.34
3/01/2034	6,177.53	1.000%	203.81	6,381.34
6/01/2034	6,192.98	1.000%	188.37	6,381.35
9/01/2034	6,208.46	1.000%	172.88	6,381.34
12/01/2034	6,223.98	1.000%	157.36	6,381.34
3/01/2035	6,239.54	1.000%	141.80	6,381.34
6/01/2035	6,255.14	1.000%	126.20	6,381.34
9/01/2035	6,270.78	1.000%	110.57	6,381.35
12/01/2035	6,286.46	1.000%	94.89	6,381.35
3/01/2036	6,302.17	1.000%	79.17	6,381.34
6/01/2036	6,317.93	1.000%	63.42	6,381.35
9/01/2036	6,333.72	1.000%	47.62	6,381.34
12/01/2036	6,349.56	1.000%	31.79	6,381.35
3/01/2037	6,365.43	1.000%	15.91	6,381.34
TOTAL	420,000.00	-	39,456.74	459,456.74

YIELD STATISTICS

Bond Year Dollars.....	\$3,945.68
Average Life.....	9.394 Years
Average Coupon.....	0.9999996%
Net Interest Cost (NIC).....	0.9999996%
True Interest Cost (TIC).....	1.0012496%
Bond Yield for Arbitrage Purposes.....	1.0012496%
All Inclusive Cost (AIC).....	1.0012496%
IRS FORM 8038	
Net Interest Cost.....	0.9999996%
Weighted Average Maturity.....	9.394 Years

Ferris, Baker Watts, Inc. Public Finance Department	FILE = NMARTINS-New Martinsville- SINGLE PURPOSE 2/28/1997 3:17 PM
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GRANT AGREEMENT

This Grant Agreement entered into as of the 13th day of March, 1997 between the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the City of New Martinsville (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed \$1,161,395 (the "Grant") for the purpose of the acquisition and construction/design/planning of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purpose of constructing the project described in Schedule A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon the Council's receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority and the Council.

3. The monthly requisition will also set forth (i) the amounts requested for the requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Schedule A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. This Agreement shall be governed by the law of the State of West Virginia.

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

The City of New Martinsville

By: Richard B. Snyder

Its: Mayor

Date: March 13, 1997

SEAL

ATTEST

Gaye R. Smith
Its: Recorder

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: Daniel B. Gunkel
Director

Date: March 13, 1997

SEAL

ATTEST

Barbara B. Meadows
Secretary-Treasurer

SCHEDULE A

The Project consists of construction of a new 1.37 mgd wastewater treatment plant (WWTP) (oxidation ditch type) including two final clarifiers, mechanical screening, grit removal, ultraviolet light disinfection, belt filter press, maintenance building, lab building addition, personnel building, 22,000 feet of 10 inch force main and necessary appurtenances, replace 5,700 feet of existing gravity sewer, abandon existing North Plant, retrofit existing North Plant lift station to pump wastewater to the new WWTP, and upgrade emergency power equipment at three lift stations. The estimated total project cost is \$8,766,000.

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

CERTIFICATE OF:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES
6. PUBLIC SERVICE COMMISSION ORDER; RATES
7. INCUMBENCY AND OFFICIAL NAME
8. LAND AND RIGHTS-OF-WAY
9. MEETINGS
10. INSURANCE
11. LOAN AGREEMENT; ADDITIONAL COVENANTS
12. TRUTH AND ACCURACY
13. SPECIMEN BONDS
14. BOND PROCEEDS
15. PRIVATE USE OF FACILITIES
16. NO FEDERAL GUARANTY
17. IRS INFORMATION RETURN
18. CONFLICT OF INTEREST
19. CLEAN WATER ACT
20. COUNTERPARTS

We, the undersigned MAYOR and the undersigned RECORDER of the City of New Martinsville, West Virginia (herein called the "City"), and the undersigned ATTORNEY for the City, hereby certify in connection with the fully registered City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A, numbered AR-1, dated the date hereof, in the principal amount of \$385,000 and bearing no interest (the "Series 1997 A Bonds"), the Waterworks and Sewerage System Revenue Bonds, Series 1997 B, numbered BR-1, dated the date hereof, in the principal amount of \$6,720,000 and bearing no interest (the "Series 1997 B Bonds") and the Waterworks and Sewerage System Revenue Bonds, Series 1997 C, numbered CR-1, dated the date hereof, in the principal amount of \$420,000 and bearing interest at the rate of one percent (1.00%) per annum (the "Series 1997 C Bonds," together with the Series 1997 A Bonds and Series 1997 B Bonds, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this Certificate and not otherwise defined shall have the same meaning as in the Bond and Note Ordinance duly passed by the Council (the "Council") of the City on February 18, 1997, effective March 3, 1997, and the Supplemental Resolution adopted March 3, 1997, relating to the Bonds (collectively, the "Ordinance"), the Loan Agreement entered into among the City, the Division of Environmental Protection ("DEP") and the West Virginia Water Development Authority (the "Authority"), dated January 22, 1997, for the Series 1997 A Bonds and the Loan Agreements entered into among the City and the Authority, both dated March 13, 1997, for the Series 1997 B Bonds and Series 1997 C Bonds (collectively, the "Loan Agreements").

2. NO LITIGATION: No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting the issuance and delivery of the Bonds; nor questioning the proceedings and authority by which the Council of the City authorized the issuance and sale of the Bonds; nor affecting the validity of the Bonds or any provisions made or authorized for the payment thereof or the refunding of the Prior Bonds; nor questioning the existence of the City or the title of the members or officers of the City or of the Council thereof to their respective offices; nor questioning the acquisition and construction of certain extensions, improvements or betterments to the existing sewerage portion of the combined waterworks and sewerage system of the City financed in part by the proceeds of sale of the Bonds (herein called the "Project"), nor operation by the City of the Project (the Project and any further extensions, additions, improvements or betterments thereto, herein collectively called the "System"), nor challenging the collection or use of the revenues of the System or the pledge of the revenues to the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for the construction and acquisition of the Project, operation of the System, and issuance of the Bonds have been duly and timely obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1, of the Code of West Virginia, 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 City since January 22, 1997.

\$602,524, being a portion of the Series 1997 B Bonds, will be deposited with the Commission and applied to the payment in full of the Prior Bonds simultaneously with the delivery of the Bonds. Other than the Prior Bonds, there are no other bonds, notes or other obligations of the City which are secured by a lien on the revenues of the system. The Bonds are being issued for the purpose of paying costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City. The Series 1997 A Bonds, Series 1997 B Bonds and Series 1997 C Bonds are being issued as first

lien bonds and will be on a parity as to liens, pledge and source of and security for payment on the Gross Revenues of the System.

5. SIGNATURES: The undersigned Mayor and Recorder are the duly elected or appointed, qualified and serving officers of the City as indicated by the official titles opposite their signatures below, and were duly authorized to execute and seal the Bonds for the City. The seal impressed upon the Bonds and this Certificate is the duly authorized, proper and only seal of the City.

6. PUBLIC SERVICE COMMISSION ORDER; RATES: The undersigned Counsel hereby certifies that the City has filed information with the Public Service Commission (the "PSC") and taken all other action required to maintain the Recommended Decision which became the Final Order of the PSC issued in Case No. 96-0765-S-CN which grants a Certificate of Convenience and Necessity, and approves the sale of the Bonds, dated December 17, 1996, in full force and effect, and has taken all other action required by applicable law. The City has received a Final Order of the PSC dated March 10, 1997, approving the changes in the Project financing. The rates were enacted by ordinance adopted July 29, 1996, and the City has complied with all requirements of the Public Service Commission to make the rates valid and effective and such rates are in full force and effect. The time for appeal of such Ordinance has expired and there has been no appeal thereof.

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

<u>Office</u>	<u>Name</u>	<u>Date Of Commencement Of Office</u>	<u>Date Of Termination Of Office</u>
Mayor	Richard P. Snyder	07/01/93	06/30/97
Recorder	Faye R. Smith	07/01/95	06/30/99
Council Member	Charles Grandstaff	07/01/93	06/30/97
Council Member	Larry J. Edgell	07/01/95	06/30/99
Council Member	Steven A. Bohrer	07/01/95	06/30/99
Council Member	Gene Berger	07/01/95	06/30/99
Council Member	Bonnie S. Shannon	07/01/93	06/30/97
Council Member	James E. Herrick	07/01/93	06/30/97

The duly appointed and acting City Attorney is Brooks K. Barkwill, Esquire, Jackson & Kelly, New Martinsville, West Virginia. James P. Melick, Jackson & Kelly, Charleston, West Virginia, is the attorney for the City regarding PSC matters.

8. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the 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 City, and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions that would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties that may have to be acquired by condemnation are, in the opinion of all the undersigned, within the ability of the City to pay for the same without jeopardizing the security of or payments on the Bonds.

9. MEETINGS: All actions, ordinances, resolutions, orders and agreements taken, adopted and entered into by or on behalf of the City in any way connected with the construction, acquisition, operation and financing of the Project were authorized or adopted at meetings of the Council duly and regularly or specifically called and held pursuant to all applicable statutes and the rules of procedure of Council, and a quorum of duly appointed, qualified and acting members of the Council was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

10. INSURANCE: The City will maintain or, as appropriate, will require all contractors to maintain Worker's Compensation, public liability and property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Ordinance.

11. LOAN AGREEMENTS; ADDITIONAL COVENANTS: As of the date hereof, (i) the representations of the City contained in the Loan Agreements are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreements do not contain any untrue statements of material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the City has occurred since January 22, 1997, which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading; and (iv) the City is in compliance with the Loan Agreements.

The City hereby covenants with respect to the payments required by Section 5.03(A)(2) of the Ordinance that if the Series 1997 A Bonds are paid in full before the maturity thereof that the City will begin the repayment of the Series 1997 C Bonds three months after said final payment. The City also covenants that on the first day of the month following the date on which the Series 1997 A Bonds Reserve Account is funded at the

Series 1997 A Bonds Reserve Requirement that the City will begin the required monthly payment to the Series 1997 C Bonds Reserve Account.

12. TRUTH AND ACCURACY: As of the date hereof, Richard P. Snyder, Mayor and Faye R. Smith, Recorder hereby certify that the copies of documents previously or on the date hereof certified by them as being true and accurate are true and accurate as of the date hereof and that none of such documents has been repealed, rescinded, amended or otherwise modified.

13. SPECIMEN BONDS: Attached hereto as Exhibit A, Exhibit B and Exhibit C are specimens of the Bonds which, except as to execution and authentication, are identical in all respects with such Bonds this day delivered to the Authority and being substantially in the form prescribed in the Ordinance.

14. BOND PROCEEDS: On the date hereof, the City received \$19,250 from the Authority and the DEP, being a portion of the principal amount of the Series 1997 A Bonds, \$660,400 from the Authority and the Infrastructure Council, being a portion of the principal amount of the Series 1997 B Bonds and \$21,000 from the Authority and the Infrastructure Council, being a portion of the principal amount of the Series 1997 C Bonds, and more than a de minimus amount of the proceeds of each series of Bonds. The balance of the principal amount of each series of Bonds will be advanced to the City from time to time as acquisition and construction of the Project progresses.

15. PRIVATE USE OF FACILITIES: The City shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the City) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use,

directly or indirectly, in a trade or business carried on by any person, including related persons, other than a governmental unit or other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder (the "Code").

16. NO FEDERAL GUARANTY: The Bonds are not and will be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

17. IRS INFORMATION RETURN: On the date hereof, the undersigned Mayor did officially sign properly completed IRS Form 8038-G and will cause each such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania.

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

[Remainder of Page Intentionally Left Blank]

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

20. COUNTERPARTS: This Certificate may be executed in counterpart and such parts shall be deemed to be the Certificate.

WITNESS our signatures and the official corporate seal of the City of New Martinsville, West Virginia on this 13th day of March, 1997.

[SEAL]

Signature

Official Title

Mayor

Recorder

Attorney

Jackson + Kelly

PSC Counsel
as to ¶ 6 only

26407

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 January 22, 1997, among the Authority, the DEP and the City.

This Bond is issued (i) to pay costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City (the "Project"), and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), an Ordinance duly enacted by the City on the 3rd day of March, 1997, and a Supplemental Resolution adopted by the City on the 3rd day of March, 1997 (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 RANKS EQUALLY AS TO LIEN AND SECURITY WITH THE CITY'S WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1997 B AND SERIES 1997 C (THE "PARITY BONDS") ISSUED SIMULTANEOUSLY HERewith AND AS MORE FULLY DESCRIBED IN THE ORDINANCE.

This Bond is payable only from and secured by a pledge of a first lien on the Gross Revenues, on a parity with the lien of the Parity Bonds, to be derived from the operation of the System, moneys in the Reserve Account created under the Ordinance and unexpended proceeds of the Bonds. Such Gross 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 City within the meaning of any constitutional or statutory provisions or limitations, nor shall the City be obligated to pay the same or the interest thereon except from said special fund provided from the Gross Revenues, the moneys in the Reserve Account and unexpended Bond proceeds. Pursuant to the Ordinance, the City has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any ensuing fiscal year of principal of and interest on all obligations on a parity with or prior to the Bonds, payable from such revenues, provided however, that so long as there exists in the Reserve Account an amount equal to the maximum amount of principal and interest which will become due on the Bonds and any

specimen"
bonds on a parity therewith in any succeeding fiscal year, respectively, an amount equal to the requirement therefor, such percentage may be reduced to 110%. The City 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 Bank One, West Virginia, National Association, Charleston, West Virginia (the "Registrar"), kept for that purpose at the office of the Registrar, by the registered owner or its attorney duly authorized in writing, upon the surrender of this Bond together, with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the City, 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 City 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 CITY OF NEW MARTINSVILLE 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 the 13th day of March, 1997.

[SEAL]

Richard H. Snyder
Mayor

ATTEST:

Faye R. Smith
Recorder

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1997 A Bonds described in the within-mentioned Ordinance and has been duly registered in the name of the registered owner set forth above.

BANK ONE, WEST VIRGINIA, NATIONAL
ASSOCIATION, as Registrar

By

Teresa H. Davis
Its Authorized Officer

Dated:

March 13, 1997
"SPECIMEN"

EXHIBIT A
RECORD OF ADVANCES

Amount	Date	Amount	Date
(1) \$19,250		(7) \$	
(2) \$		(8) \$	
(3) \$		(9) \$	
(4) \$		(10) \$	
(5) \$		(11) \$	
(6) \$		(12) \$	
Total \$ _____			

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

New Martinsville, WV \$385,000.00 20 Year Repayment 0% Interest, 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
3/01/1999	-	-	-	4,812.50
6/01/1999	4,812.50	-	-	4,812.50
9/01/1999	4,812.50	-	-	4,812.50
12/01/1999	4,812.50	-	-	4,812.50
3/01/2000	4,812.50	-	-	4,812.50
6/01/2000	4,812.50	-	-	4,812.50
9/01/2000	4,812.50	-	-	4,812.50
12/01/2000	4,812.50	-	-	4,812.50
3/01/2001	4,812.50	-	-	4,812.50
6/01/2001	4,812.50	-	-	4,812.50
9/01/2001	4,812.50	-	-	4,812.50
12/01/2001	4,812.50	-	-	4,812.50
3/01/2002	4,812.50	-	-	4,812.50
6/01/2002	4,812.50	-	-	4,812.50
9/01/2002	4,812.50	-	-	4,812.50
12/01/2002	4,812.50	-	-	4,812.50
3/01/2003	4,812.50	-	-	4,812.50
6/01/2003	4,812.50	-	-	4,812.50
9/01/2003	4,812.50	-	-	4,812.50
12/01/2003	4,812.50	-	-	4,812.50
3/01/2004	4,812.50	-	-	4,812.50
6/01/2004	4,812.50	-	-	4,812.50
9/01/2004	4,812.50	-	-	4,812.50
12/01/2004	4,812.50	-	-	4,812.50
3/01/2005	4,812.50	-	-	4,812.50
6/01/2005	4,812.50	-	-	4,812.50
9/01/2005	4,812.50	-	-	4,812.50
12/01/2005	4,812.50	-	-	4,812.50
3/01/2006	4,812.50	-	-	4,812.50
6/01/2006	4,812.50	-	-	4,812.50
9/01/2006	4,812.50	-	-	4,812.50
12/01/2006	4,812.50	-	-	4,812.50
3/01/2007	4,812.50	-	-	4,812.50
6/01/2007	4,812.50	-	-	4,812.50
9/01/2007	4,812.50	-	-	4,812.50
12/01/2007	4,812.50	-	-	4,812.50
3/01/2008	4,812.50	-	-	4,812.50
6/01/2008	4,812.50	-	-	4,812.50
9/01/2008	4,812.50	-	-	4,812.50
12/01/2008	4,812.50	-	-	4,812.50
3/01/2009	4,812.50	-	-	4,812.50
6/01/2009	4,812.50	-	-	4,812.50
9/01/2009	4,812.50	-	-	4,812.50
12/01/2009	4,812.50	-	-	4,812.50
3/01/2010	4,812.50	-	-	4,812.50
6/01/2010	4,812.50	-	-	4,812.50
9/01/2010	4,812.50	-	-	4,812.50
12/01/2010	4,812.50	-	-	4,812.50
3/01/2011	4,812.50	-	-	4,812.50
6/01/2011	4,812.50	-	-	4,812.50

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

New Martinsville, WV \$385,000.00 20 Year Repayment 0% Interest, 1% Administrative Fee DEBT SERVICE SCHEDULE				
DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
9/01/2011	4,812.50	.	.	4,812.50
12/01/2011	4,812.50	.	.	4,812.50
3/01/2012	4,812.50	.	.	4,812.50
6/01/2012	4,812.50	.	.	4,812.50
9/01/2012	4,812.50	.	.	4,812.50
12/01/2012	4,812.50	.	.	4,812.50
3/01/2013	4,812.50	.	.	4,812.50
6/01/2013	4,812.50	.	.	4,812.50
9/01/2013	4,812.50	.	.	4,812.50
12/01/2013	4,812.50	.	.	4,812.50
3/01/2014	4,812.50	.	.	4,812.50
6/01/2014	4,812.50	.	.	4,812.50
9/01/2014	4,812.50	.	.	4,812.50
12/01/2014	4,812.50	.	.	4,812.50
3/01/2015	4,812.50	.	.	4,812.50
6/01/2015	4,812.50	.	.	4,812.50
9/01/2015	4,812.50	.	.	4,812.50
12/01/2015	4,812.50	.	.	4,812.50
3/01/2016	4,812.50	.	.	4,812.50
6/01/2016	4,812.50	.	.	4,812.50
9/01/2016	4,812.50	.	.	4,812.50
12/01/2016	4,812.50	.	.	4,812.50
3/01/2017	4,812.50	.	.	4,812.50
6/01/2017	4,812.50	.	.	4,812.50
9/01/2017	4,812.50	.	.	4,812.50
12/01/2017	4,812.50	.	.	4,812.50
3/01/2018	4,812.50	.	.	4,812.50
6/01/2018	4,812.50	.	.	4,812.50
9/01/2018	4,812.50	.	.	4,812.50
12/01/2018	4,812.50	.	.	4,812.50
3/01/2019	4,812.50	.	.	4,812.50
TOTAL	385,000.00	.	.	385,000.00

*Plus a one-percent administrative fee paid quarterly in the amount of \$487.27. The total administrative fee over the life of the loan is \$38,981.60.

[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 City, with full power of substitution in the premises.

Dated: _____, ____.

In the presence of:

62254

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

CERTIFICATE OF RECORDER AS TO TRUTH
AND ACCURACY OF DOCUMENTS DELIVERED

I, the undersigned Faye R. Smith, the permanent, duly elected Recorder of the City of New Martinsville, West Virginia (the "City"), hereby certify that the copies of the following documents being delivered in connection with the closing of the sale of the \$385,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A (the "Series 1997 A Bonds"), the \$6,720,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B (the "Series 1997 B Bonds") and the \$420,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C (the "Series 1997 C Bonds," together with the Series 1997 A Bonds and the Series 1997 B Bonds, the "Bonds"), are, as of the date hereof, true and accurate copies of the originals of those documents maintained on file with the City and delivered in the transcript of proceedings, and that said documents are still in full force and effect as of the date hereof and have not been repealed, rescinded, superseded, amended or modified in any way unless the document effecting such repeal, rescission, supersedence, amendment or modification is also listed below:

1. Charter of the City.
2. Rules of Procedure.
3. Oaths of Office of the Mayor, Recorder, and members of Council.
4. Rate Ordinance.
5. Minutes of the special Council meeting held February 11, 1997, regarding first reading of the Bond and Note Ordinance.
6. Bond and Note Ordinance (the "Ordinance") passed by Council on February 18, 1997.
7. Minutes of special meeting held by Council on February 18, 1997, regarding second reading and passage of the Ordinance.
8. Supplemental Resolution adopted by Council on March 3, 1997, authorizing the sale of the above-referenced Bonds.

9. Minutes of the March 3, 1997, public hearing and regular Council meeting regarding the adoption of the Supplemental Resolution.

10. Loan Agreement, dated January 22, 1997, between the City, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection ("DEP").

11. Loan Agreement, dated March 13, 1997, between the City and the Authority.

12. Loan Agreement, dated March 13, 1997, between the City and the Authority.

13. West Virginia Infrastructure and Jobs Development Council approval letter dated January 10, 1997.

14. Copy of the West Virginia Public Service Commission's (the Commission") Final Order dated December 17, 1996, granting the City a Certificate of Convenience and Necessity and Final Order dated March 10, 1997, approving the financing.

WITNESS my signature and the official seal of the City of New Martinsville, West Virginia as of the 13th day of March, 1997.



Recorder
City of New Martinsville

(SEAL)

**CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C**

CERTIFICATE AS TO NON-ARBITRAGE

I, Richard P. Snyder, Mayor of the City of New Martinsville, West Virginia (the "City"), being one of the officials of the City duly charged with the responsibility for the issuance of \$385,000 aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1997 A (the "Series 1997 A Bonds"), the \$6,720,000 aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1997 B (the "Series 1997 B Bonds") and the \$420,000 aggregate principal amount of Waterworks and Sewerage System Revenue Bonds, Series 1997 C (the "Series 1997 C Bonds," together with the Series 1997 A Bonds and the Series 1997 B Bonds, the "Bonds") of the City, dated March 13, 1997 (the "Bonds"), hereby certify as follows:

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code"). I am one of the officers of the City charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the City.

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

3. The City has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer and certification of which may not be relied upon by holders of obligations of the City or that there is any disqualification of the City by the Internal Revenue Service because a certification made by the City contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the City in existence on March 13, 1997, the date on which the Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the City set forth herein are reasonable.

5. In the Bond and Note Ordinance (the "Ordinance") pursuant to which the Bonds are issued, the City has covenanted to make no use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

6. (A) The Series 1997 A Bonds were sold on March 13, 1997, to the West Virginia Water Development Authority (the "Authority") pursuant to a loan agreement

dated January 22, 1997, by and among the City, the Authority and the West Virginia Division of Environmental Protection (the "DEP").

(B) The Series 1997 B Bonds were sold on March 13, 1997, to the Authority pursuant to a loan agreement dated March 13, 1997, by and between the City and the Authority.

(C) The Series 1997 C Bonds were sold on March 13, 1997, to the Authority pursuant to a loan agreement dated March 13, 1997, by and between the City and the Authority.

The Series 1997 A Bonds and Series 1997 B Bonds bear no interest.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) refunding the Prior Bonds; (ii) paying costs, not otherwise provided, of the acquisition and construction of certain extensions, improvements and betterments to the existing public sewage portion of the combined waterworks and sewerage system of the City (the "Project"); and (iii) paying costs of issuance and other costs in connection therewith.

The Prior Bonds, outstanding in the amount of \$602,524, are being paid in full on the date hereof. The refunding is being done to effect a savings in the net interest costs of the City.

8. The City shall, within 30 days following delivery of the Bonds, enter into agreements which require the City to expend in excess of \$100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, with the exception of the reserve account deposits, if any, will be expended for payment of Costs of the Project on or before February 28, 1999.

9. The total cost of the Project is estimated at \$8,776,000. Sources and uses of funds for the Project are as follows:

SOURCES

Series 1997 A Bonds	\$ 385,000
Series 1997 B Bonds	6,720,000
Series 1997 C Bonds	420,000
Infrastructure Council Grant	1,161,395
Advance Assistance Grant	89,605
Total Sources	<u>\$ 8,776,000</u>

USES

Refunding Prior Bonds and Construction	6,991,000
Technical Services	1,379,000
Legal and Fiscal	50,000
Site and Other Lands	50,000
Contingency	296,000
Costs of Issuance	<u>\$ 20,000</u>
Total Uses	<u>\$ 8,776,000</u>

The amount of Project costs is estimated to be at least equal to the gross proceeds of the Bonds. Except for the proceeds of the Bonds and Grant Receipts and as otherwise provided in the Ordinance, no other funds of the City will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

10. Pursuant to Article V of the Ordinance, the following special funds or accounts have been continued or created:

The following special funds or accounts are created with and shall be held by the Depository Bank:

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund; and
- (3) Bond Construction Trust Fund (separate subaccounts to be established for each series of Original Bonds).

The following special funds or accounts are hereby established with the Commission for each series of Original Bonds:

- (1) Sinking Fund; and
 - (a) Within the Sinking Fund, the Reserve Account.

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

- (1) Proceeds of the Series 1997 B Bonds in the amount of \$602,524 which, together with any funds held under the Prior Ordinance, shall be deposited with the Commission and applied to the payment in full of the Prior Bonds.

(2) Next, from the proceeds of the Bonds, there shall be deposited with the Commission in the respective reserve account the sum, if any, set forth in the Supplemental Resolution for funding of said Reserve Account.

(3) The remaining moneys derived from the sale of the Original Bonds shall be deposited by the City, as received from time to time, in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project including but not limited to payment of cost of issuance.

12. Moneys held in the Sinking Fund will be used solely to pay principal of and interest on the Bonds as the same shall become due. Moneys in the Reserve Account in the Sinking Fund shall be used only for the purpose of paying principal of and interest on the Bonds, as the same shall become 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 Reserve Account shall be transferred, not less than once each year to the Bond Construction Trust Fund prior to completion of the Project, and thereafter into the Revenue Fund.

13. Except for the Sinking Fund and the Reserve Account, there are no other funds or accounts established or held by the City which are reasonably expected to be used to pay debt service on the Bonds, or which are pledged as collateral for Bonds, and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Bonds, if the City encounters financial difficulties. The City does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Bonds, have been or will be pledged to payment of the Bonds. Less than 10% of the proceeds of the Bonds will be deposited in the Reserve Account or any other reserve or replacement fund. The amounts deposited in the Reserve Account from time to time by the City will not exceed the maximum annual principal and interest on the Bonds and will not exceed 125% of average annual principal and interest on the Bonds. Amounts in the Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Reserve Account is required by the Authority, is vital to its purchase of the Bonds and is reasonably required to assure payments of debt service on the Bonds.

14. The City expects to enter into a contract within 1 month of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within eighteen months.

16. The City will comply with the provisions of the Code, for which the effective date precedes the date of delivery of its Bonds to the Authority.

17. All of the proceeds of the Bonds will be expended on the Project within three years from the date of issuance thereof.

18. Any money deposited in the Sinking Fund for payment of the principal and interest on the Bonds (other than the Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt and any moneys received from the investment of amounts held in the Sinking Fund (other than in the Reserve Account therein) will be spent within a 1-year period beginning the date of receipt.

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

20. All property financed with the proceeds of the Bonds will be held for Federal income tax purposes by (or on behalf of) a qualified governmental unit.

21. The City shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255.

22. No more than 10% of the proceeds of the Bonds will be used (directly or indirectly) in any trade or business carried on by, and less than 5% of the proceeds of the Bonds have been or will be used to make or finance loans to, any person who is not a governmental unit.

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

24. The City has general taxing powers to finance operations of or facilities of the nature of the System, and the City and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during calendar year 1997 and has issued no other tax-exempt obligations during the current calendar year and the City believes that it may avail itself of the "small governmental issuer" exception to rebate. The Series 1997 A and Series 1997 B Bonds are non-interest bearing.

25. The City shall use the proceeds of the Bonds solely for the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the City.

26. The City shall not permit at any time or times any of the proceeds of the Bonds, or any other funds of the City, to be used directly or indirectly in a manner which would result in the exclusion of Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The City will take all actions and refrain from taking such actions as shall be

necessary to comply with the Code in order to ensure the interest on the Bonds is excludable from gross income for federal income tax purposes.

27. 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.

28. The City will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the City fails to make such rebates as required, the City shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

29. The City has retained the right to amend or supplement its authorizing documents if such amendment or supplement is necessary to preserve the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

30. The City shall comply with the yield restriction on the proceeds of the Bonds as set forth in the Code.

31. The City has either (a) funded the Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Reserve Account which will be funded with equal payments on a monthly basis over a 10 year period until such Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Moneys in the Reserve Account and the Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

32. The City shall submit to the Authority within thirty (30) days following the end of the City's bond year a certified copy of its rebate calculation or if the City qualifies for the small governmental issuer exception to rebate, then the City shall submit to the Authority 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 Bonds subject to rebate.

33. The City expects that no part of the Project financed by the Bonds will be sold or otherwise disposed of prior to the last maturity date of the Bonds.

34. The City covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 1997 C Bonds.

35. Jackson & Kelly is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Bonds.

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

IN WITNESS WHEREOF, I have set my hand this 13th day of March, 1997.

CITY OF NEW MARTINSVILLE

By Richard P. Snyder
Mayor

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

CERTIFICATE OF CONSULTING ENGINEER

I, Craig Richards, Registered Professional Engineer, West Virginia License No. 10358, of Burgess and Niple LTD, Consulting Engineers, Parkersburg, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of certain additions, improvements and betterments to the existing sewerage facilities (herein called the "Project") of the combined waterworks and sewerage system (the "System") of the City of New Martinsville (the "Issuer") to be constructed primarily in Wetzel County, West Virginia, which acquisition and construction is being permanently financed, in part, by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the meaning set forth in the Bond and Note Ordinance passed by the Council of the Issuer on February 18, 1997, effective March 3, 1997, 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 January 22, 1997, for the Series 1997 A Bonds, and the Loan Agreements by and between the Issuer and the Authority, dated March 13, 1997, for the Series 1997 B Bonds and the Series 1997 C Bonds, respectively.

1. The Bonds are being issued for the purpose of (i) paying costs of acquisition and construction of a wastewater treatment facility constituting improvements, additions, extensions and betterments to the existing combined waterworks and sewerage system of the City (the "Project"); (ii) refunding the Prior Bonds; and (iii) paying certain costs of issuance thereof and related costs.

2. The undersigned hereby certifies that to the best of my knowledge and belief (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm and as described in the applications submitted to the Authority, DEP and the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") requesting the Authority to purchase the Bonds (the "Applications") 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 forty 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 Applications 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 Council of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) of the Loan Agreements, (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 13th day of March, 1997.

BURGESS AND NIPLE LTD

By 
Craig Richards
West Virginia License No. 10358

[SEAL]

SCHEDULE ANAME OF GOVERNMENTAL AGENCY: City of New Martinsville

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

A. Cost of Project

1.	Construction	\$ 6,991,000	
2.	Technical Services	\$ 1,379,000	
3.	Legal and Fiscal	\$ 50,000	
4.	Administrative	\$ 0	
* 5.	Site and Other Lands	\$ 50,000	
** 6.	Fac. Plan/Design or Other Loan Repayment (Specify Type: _____)	\$ 0	
7.	Interim Financing Costs	\$ 0	
8.	Contingency	\$ 296,000	
9.	Total of Lines 1 Through 8		\$ 8,766,000

B. Sources of Funds

10.	Federal Grants: ¹	\$ _____	
	(Specify Sources) _____	\$ _____	
11.	State Grants: ¹	\$ 1,161,395	
	(Specify Sources) <u>Infrastructure Council</u>	\$ 89,605	
12.	Other Grants: ¹	\$ _____	
	(Specify Sources) _____	\$ _____	
13.	Any Other Source ²	\$ 7,140,000	
	(Specify) <u>Infrastructure Loan</u>	\$ _____	
14.	Total of Lines 10 Through 13		\$ 8,391,000
15.	Net Proceeds Required from Bond Issue (Line 9 minus Line 14)		\$ 375,000

C. Cost of Financing

16.	Capitalized Interest (Construction period plus six months)	\$ 0	
17.	Funded Reserve Account: ³	\$ 0	
18.	Other Costs: ⁴	\$ 10,000	
19.	Total Cost of Financing (lines 16 - 18)	\$ 10,000	
20.	Size of Bond Issue (Line 15 plus Line 19)		\$ 385,000

- * not allowable for State Revolving Fund Assistance
 ** WDA loans are not allowable

Richard P. Snyder
 Signature of Applicant

Date 1-9-97

Craig P. Richards
 Signature of Consulting Engineer

Date 1-9-97

WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL

SCHEDULE B

NAME OF GOVERNMENTAL AGENCY: City of New Martinsville

PROJECT DESCRIPTION: Wastewater Collection and Treatment Improvements

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

A. COST OF PROJECT

1.	Construction (Based on Actual Bids)	\$ 6,991,000
2.	Technical Services	\$ 1,379,000
3.	Legal and Fiscal	\$ 50,000
4.	Administrative	\$ 0
5.	Site and Other Lands	\$ 50,000
6.	Step I and/or Step II (Design) or Other Loan Repayment (Specify Type: _____)	\$ 0
7.	Interim Financing Costs	\$ 0
8.	Contingency	\$ 296,000
9.	Total of Lines 1 through 8	\$ 8,766,000

B. SOURCES OF FUNDS

10.	Federal Grants ¹ (Specify Sources): _____	\$ _____
11.	State Grants ¹ (Specify Sources): Advance Assistance	\$ 89,605
12.	Other Grants ¹ (Specify Sources): _____	\$ _____
13.	Any Other Source ² (Specify): State Revolving Fund Loan	\$ 385,000
14.	Infrastructure Council Grant	\$ 1,161,395
15.	Total of Lines 10 through 14	\$ 1,636,000
16.	Net Proceeds Required from Bond Issue (Line 9 less Line 15)	\$ 7,130,000

C. IF BOND ISSUE, COST OF FINANCING

17.	Funded Reserve Account ³	\$ 0
18.	Other Costs ⁴	\$ 10,000
19.	Total Cost of Financing (Lines 17 and 18)	\$ 10,000
20.	Size of Bond Issue (Line 16 plus Line 19)	\$ 7,140,000

SCHEDULE B

1. Attach supporting documentation.
2. Include the proceeds of any parity or subordinate bond issue to be used for such purpose and attach supporting documentation.
3. Consult with bond counsel and the Authority before assuming a funded reserve.
4. For example, fees of accountants, bond counsel and local counsel for the Governmental Agency.

Additional or explanatory material may be provided on additional sheets attached to Schedule B.

Richard P. Snyder
SIGNATURE OF APPLICANT

DATE: 1-9-97

Craig D. Richards
SIGNATURE OF CONSULTING
ENGINEER

DATE: 1-9-97

PHILIP R. POSTLEWAIT, JR.

CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 1281

PARKERSBURG, WEST VIRGINIA 26102

TELEPHONE (304) 422-7444

FACSIMILE (304) 422-4911

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

WEST VIRGINIA SOCIETY CERTIFIED PUBLIC ACCOUNTANTS

**CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C**

CERTIFICATE OF ACCOUNTANT AS TO COVERAGE

Philip R. Postlewait, Jr., Certified Public Accountant, has received the combined water and sewer service rates of the City of New Martinsville, West Virginia (the "City") and historic customer usage. It is my opinion that those rates are adequate to pay operation and maintenance expenses, and to meet the debt service coverage requirements of the Waterworks and Sewerage System Revenue Bonds, Series 1997 A, the Waterworks and Sewerage System Revenue Bonds, Series 1997 B, and the Waterworks and Sewerage System Revenue Bonds, Series 1997 C, and the Bond and Note Ordinance adopted by the Council on February 18, 1997, effective March 3, 1997, and a Supplemental Resolution adopted by the Council on March 3, 1997, and are sufficient to comply with the provisions of the Loan Agreement entered into by and among the City, the West Virginia Division of Environmental Protection, and the West Virginia Water Development Authority, (the "Authority") on January 22, 1997, for the Series 1997 A Bonds and the Loan Agreement entered into by and among the City and the Authority on March 13, 1997, for the Series 1997 B Bonds and Series 1997 C Bonds. The rates and charges provide debt service coverage in excess of 115%.

WITNESS my signature as of this 13th day of March, 1997.



Philip R. Postlewait, Jr.

Certified Public Accountant

**CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C**

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 13th day of March, 1997, by and between the CITY OF NEW MARTINSVILLE, WEST VIRGINIA, a municipal corporation (the "Governmental Agency"), and BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, Charleston, West Virginia (the "Registrar").

WHEREAS, the Governmental Agency has, contemporaneously with the execution hereof, issued and sold its \$385,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A (the "Series 1997 A Bonds"), in the form of one bond, numbered AR-1, its \$6,720,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B (the "Series 1997 B Bonds"), in the form of one bond, numbered BR-1 and its \$420,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C (the "Series 1997 C Bonds," together with the Series 1997 A Bonds and the Series 1997 B Bonds, the "Bonds"), in the form of one bond, numbered CR-1, in fully registered form pursuant to a Bond and Note Ordinance duly passed February 18, 1997, effective March 3, 1997, and a Supplemental Resolution adopted March 3, 1997 (collectively, the "Ordinance");

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

WHEREAS, the Ordinance provides for an appointment by the 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 exclusion of interest on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the 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 to the Registrar, from time to time, the compensation for services rendered as provided in the annexed schedule and reimbursement for reasonable expenses incurred in connection with this Registrar's Agreement.

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

6. The 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:

City of New Martinsville
191 Main Street
New Martinsville, WV 26155-1211
Attention: Mayor

REGISTRAR:

Bank One, West Virginia, National Association
P.O. Box 1113
Charleston, WV 25324-1113
Attention: Corporate Trust

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

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

IN WITNESS WHEREOF, the CITY OF NEW MARTINSVILLE and BANK ONE, WEST VIRGINIA, 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.

CITY OF NEW MARTINSVILLE

By Richard P. Snyder
Mayor

BANK ONE, WEST VIRGINIA, NATIONAL
ASSOCIATION

By: Teresa L. Davis
Teresa L. Davis, Vice President

EXHIBIT A

See Bond and Note Ordinance (Tab No. 6)
See Supplemental Resolution (Tab No. 8)

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

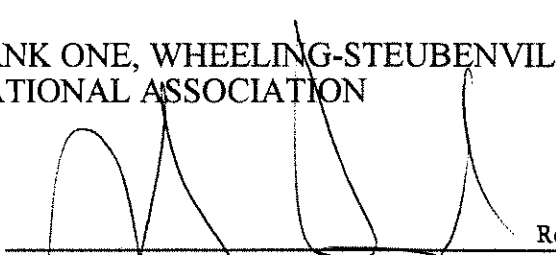
ACCEPTANCE OF DUTIES OF DEPOSITORY BANK

Bank One, Wheeling-Steubenville, National Association, with its office in New Martinsville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond and Note Ordinance of the City of New Martinsville, West Virginia duly passed on February 18, 1997, effective March 3, 1997, and the Supplemental Resolution adopted March 3, 1997 (collectively, the "Ordinance"), authorizing issuance of the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A, in the aggregate principal amount of \$385,000, the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B, in the aggregate principal amount of \$6,720,000, and the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C, in the aggregate principal amount of \$420,000, each dated March 3, 1997 (collectively, the "Bonds") and agrees to perform all duties of Depository Bank, all as set forth in said Ordinance.

Witness my signature as of the 13th day of March, 1997.

BANK ONE, WHEELING-STEUBENVILLE,
NATIONAL ASSOCIATION

By


Its Authorized Officer

Robert Spock

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

March 13, 1997

Bank One, West Virginia, National Association
P.O. Box 1113
Charleston, West Virginia 25324-1113

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$385,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A, in the form of one bond numbered AR-1, the \$6,720,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B, in the form of one bond numbered BR-1 and the \$420,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C, in the form of one bond numbered CR-1 (collectively, the "Bonds") of the City of New Martinsville, West Virginia (the "City"), authorized to be issued under and pursuant to the Bond and Note Ordinance, duly passed by the Council of the City on February 18, 1997, effective March 3, 1997, and a Supplemental Resolution adopted by the Council on March 3, 1997 (collectively, the "Ordinance").

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

CITY OF NEW MARTINSVILLE

By Richard P. Snyder
Mayor

(SEAL)

Attest:

Paye R. Smith
Recorder, City of New Martinsville

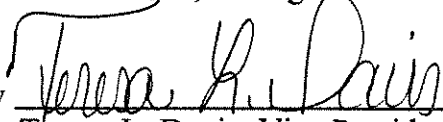
CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

CERTIFICATE OF REGISTRATION OF BONDS

I, Teresa L. Davis, Vice President, of Bank One, West Virginia, National Association, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certify that on the 13th day of March, 1997, the bonds of the City of New Martinsville, West Virginia in the principal amount of: \$385,000 designated the "City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A" (the "Series 1997 A Bonds"), and numbered AR-1, dated as of the date hereof; \$6,720,000 designated the "City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B" (the "Series 1997 B Bonds"), and numbered BR-1, dated as of the date hereof; and \$420,000 designated the "City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C" (the "Series 1997 C Bonds"), and numbered CR-1, dated as of the date hereof, were registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the City kept for that purpose at our office, by a duly authorized officer on behalf of Bank One, West Virginia, National Association, Charleston, West Virginia, as Registrar.

WITNESS my signature as of the 13th day of March, 1997.

BANK ONE, WEST VIRGINIA, NATIONAL
ASSOCIATION, as Registrar

By 
Teresa L. Davis, Vice President

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

RECEIPT FOR BONDS

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

1. On the 13th day of March, 1997, in Dunbar, West Virginia, the Authority received the entire original issue of \$385,000 in aggregate principal amount of the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A (the "Series 1997 A Bonds"), said Bond being dated the 13th day of March, 1997; and issued in the form of one bond, fully registered to the Authority, and numbered AR-1.

2. On the 13th day of March, 1997, in Dunbar, West Virginia, the Authority received the entire original issue of \$6,720,000 in aggregate principal amount of the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B (the "Series 1997 B Bonds"), said Bond being dated the 13th day of March, 1997; and issued in the form of one bond, fully registered to the Authority, and numbered BR-1.

3. On the 13th day of March, 1997, in Dunbar, West Virginia, the Authority received the entire original issue of \$420,000 in aggregate principal amount of the City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C (the "Series 1997 C Bonds"), said Bond being dated the 13th day of March, 1997; and issued in the form of one bond, fully registered to the Authority, and numbered CR-1.

4. At the time of receipt of each series of Bonds, they had been executed by Richard P. Snyder, as Mayor of the City of New Martinsville, by manual signature, and attested by Faye R. Smith, as Recorder of the City of New Martinsville, by manual signature, and the official seal of said City had been impressed upon each Bond.

IN WITNESS WHEREOF, Barbara B. Meadows duly signed and delivered this receipt on behalf of the West Virginia Water Development Authority on the 13th day of March, 1997.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By Barbara B Meadows
Secretary-Treasurer

CITY OF NEW MARTINSVILLE
WATERWORKS AND SEWERAGE SYSTEM
REVENUE BONDS, SERIES 1997 A, SERIES 1997 B
AND SERIES 1997 C

RECEIPT FOR BOND PROCEEDS

The undersigned Richard P. Snyder, Mayor of the City of New Martinsville (the "City"), hereby certifies as follows:

1. The City has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the \$385,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A (the "Series 1997 A Bonds"), of \$19,250 being more than a de minimis portion of the purchase price of the Series 1997 A Bonds. The City understands that the remaining proceeds will be advanced to the City from time to time as construction proceeds to completion.

2. The City has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the \$6,720,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B (the "Series 1997 B Bonds"), of \$660,400 being more than a de minimis portion of the purchase price of the Series 1997 B Bonds, of which \$602,524 will be used to pay in full the Prior Bonds. The City understands that the remaining proceeds will be advanced to the City from time to time as construction proceeds to completion.

3. The City has received and hereby acknowledges receipt from the West Virginia Water Development Authority (the "Authority"), as original purchaser of the \$420,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 C (the "Series 1997 C Bonds"), of \$21,000 being more than a de minimis portion of the purchase price of the Series 1997 C Bonds. The City understands that the remaining proceeds will be advanced to the City from time to time as construction proceeds to completion.

IN WITNESS WHEREOF, the City of New Martinsville has caused this receipt to be executed by its Mayor on this 13th day of March, 1997.

CITY OF NEW MARTINSVILLE

By Richard P. Snyder
MAYOR

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
812 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM
Date of Report: March 13, 1997

ISSUE: \$385,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 A

ADDRESS: 191 Main Street, New Martinsville, WV 26155 COUNTY: Wetzel

PURPOSE OF ISSUE: New Money X
Refunding Refunds issue(s) dated:

ISSUE DATE: March 13, 1997 CLOSING DATE: March 13, 1997

ISSUE AMOUNT: \$ 385,000 RATE: 0% interest, 1% Administrative Fee

1st DEBT SERVICE DUE: June 1, 1999 1st PRINCIPAL DUE: June 1, 1999

1st DEBT SERVICE AMOUNT: \$4,812.50 PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS

BOND COUNSEL:
Contact Person:
Phone:

CLOSING BANK: Bank One, Wheeling-Steubenville, NA ESCROW TRUSTEE:
Contact Person: Donald S. Knowlton, Manager Contact Person:
Phone: (304) 455-4500/Dep. Bank Phone:

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Richard P. Snyder
Position: Mayor
Phone: (304) 455-9120

OTHER: Bank One, WV, NA

Contact Person: Teresa L. Davis
Function: Registrar
Phone: (304) 348-5667

DEPOSITS TO MBC AT CLOSE: Accrued Interest: \$
 Capitalized Interest: \$
By Wire Reserve Account: \$
 Check Other: \$

REFUNDS & TRANSFERS BY MBC AT CLOSE:

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

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required:

Transfers Required:

WV MUNICIPAL BOND COMMISSION
Suite 300 - L & S Building
812 Quarrier Street, Charleston, WV 25301
(304) 348-3971

NEW ISSUE REPORT FORM

Date of Report: March 13, 1997

ISSUE: \$6,720,000 City of New Martinsville Waterworks and Sewerage System Revenue Bonds, Series 1997 B

ADDRESS: 191 Main Street, New Martinsville, WV 26155 COUNTY: Wetzel

PURPOSE OF ISSUE: New Money ☒ Refunding ☒ Refunds issue(s) dated: October 26, 1995

ISSUE DATE: March 13, 1997 CLOSING DATE: March 13, 1997

ISSUE AMOUNT: \$6,720,000 RATE: 0% interest

1st DEBT SERVICE DUE: June 1, 1999 1st PRINCIPAL DUE: June 1, 1999

1st DEBT SERVICE AMOUNT: \$44,210.53 PAYING AGENT: WV Municipal Bond Commission

ISSUERS

BOND COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

UNDERWRITERS

BOND COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: Bank One, Wheeling-Steubenville, NA ESCROW TRUSTEE: _____

Contact Person: Donald S. Knowlton, Manager Contact Person: _____
Phone: (304) 455-4500/Dep. Bank Phone: _____

KNOWLEDGEABLE ISSUER CONTACT:

Contact Person: Richard P. Snyder
Position: Mayor
Phone: (304) 455-9120

OTHER: Bank One, WV, NA

Contact Person: Teresa L. Davis
Function: Registrar
Phone: (304) 348-5667

DEPOSITS TO MBC AT CLOSE: _____ Accrued Interest: \$ _____
_____ Capitalized Interest: \$ _____
By _____ Wire _____ Reserve Account: \$ _____
_____ Check _____ Other: _____ \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By _____ Wire _____ To Escrow Trustee: \$ _____
_____ ☒ Check _____ To Issuer: \$ _____
_____ IGT _____ To Cons. Invest. Fund \$ _____
_____ ☒ To Other: Series 1995 \$ 602,524

NOTES: Check in the amount of \$602,524 to be applied to the Series 1995 Bonds of the City of New Martinsville to pay in full.

FOR MUNICIPAL BOND COMMISSION USE ONLY:

Documents Required: _____

Transfers Required: _____

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

Date of Report: March 13, 1997



**WEST VIRGINIA
MUNICIPAL BOND COMMISSION**

JAMES H. PAIGE III
Secretary of Tax and Revenue
Chairman

LARRIE BAILEY
State Treasurer

GLEN B. GAINER III
State Auditor

Suite 300
812 Quarrier Street
Charleston, WV 25301
(304) 558-3971 / 72
FAX (304) 558-1280

LARRY CHAPMAN
Member

JOHN ROACH
Member

R. WITTER HALLAN
Executive Director

February 25, 1997

Jackson & Kelly
Samme Gee, Esq
1600 Laidley Tower
P O Box 553
Charleston WV 25322

VIA FAX: 340-1080

RE: City of New Martinsville 1995 Water & Sewer Revenue Bonds

Dear Ms Gee:

The Commission will pay a regular debt service on the above issue on March 1, 1997 to Department of Environmental Protection. It is my understanding that the City of New Martinsville will refund & call its 1995 Water & Sewer Issue on March 13, 1997. At that time the Commission will need the following funds:

12 days Interest	\$ 401.68
Principal Called	602,524.00
Municipal Bond Commission Fee	<u>1,507.31</u>
	\$604,432.99

Sincerely yours,


R Witter Hallan
Executive Director

RWH:wb

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-8500

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

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

*Jackson & Kelly is a member of Law
Mundi, a global association of more
than 120 independent law firms.*

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

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

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

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-726-6068

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3400

4.1(a)

March 13, 1997

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

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

Re: City of New Martinsville Waterworks and Sewerage System Revenue
Bonds, Series 1997 A

Gentlemen:

We are bond counsel to the City of New Martinsville (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated January 22, 1997, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Local Government, the West Virginia Division of Environmental Protection and the West Virginia Water Development Authority (the "Authority") and (ii) the issue of a series of revenue bonds of the Local Government, dated March 13, 1997 (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 \$385,000, issued in the form of one bond registered as to principal to the Authority, with principal payable March 1, June 1, September 1, and December 1 of each year, beginning June 1, 1999, and bear no interest and are as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purpose of paying a portion of the costs of the construction of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and sewerage system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond ordinance duly passed by the Local Government on February 18, 1997, effective March 3, 1997, as supplemented on March 3, 1997 (collectively, 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 the DEP 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 and the DEP.
3. The Local Government is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the Loan Agreements 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 resolutions 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.

West Virginia Division of Environmental
Protection
West Virginia Water Development Authority
March 13, 1997
Page 3

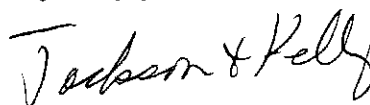
5. The Local Bonds are valid and legally enforceable special obligations of the Local Government, payable from the gross revenues of the System referred to in the Local Act on a parity with each other and with the Local Government's Series 1997 B and Series 1997 C Bonds issued simultaneously herewith and secured by a first lien on and pledge of the gross 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 and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

No opinion is given herein as to the effect upon enforceability of the 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 AR-1, and in our opinion, the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Jackson & Kelly".

JACKSON & KELLY

ATTORNEYS AT LAW

1600 LAIDLEY TOWER

P. O. BOX 653

CHARLESTON, WEST VIRGINIA 25322

TELEPHONE 304-340-1000

TELECOPIER 304-340-1130

WRITER'S DIRECT DIAL NO.

300 FOXCROFT AVENUE
MARTINSBURG, WEST VIRGINIA 26401
TELEPHONE 304-263-8800

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

6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26506
TELEPHONE 304-599-3000

700 EAST WASHINGTON STREET
CHARLES TOWN, WEST VIRGINIA 25414
TELEPHONE 304-728-6086

412 MARKET STREET
PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-434-3480

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40585
TELEPHONE 606-255-9500

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

1000 TECHNOLOGY DRIVE
FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-388-2000

*Jackson & Kelly is a member of Lex
Mundi, a global association of more
than 120 independent law firms.*

March 13, 1997

4.1(b)

West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301

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

Re: City of New Martinsville Waterworks and Sewerage System Revenue
Bonds, Series 1997 B

Gentlemen:

We are bond counsel to the City of New Martinsville (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement dated March 13, 1997, including all schedules and exhibits attached thereto, by and among the Local Government, the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") (the "Loan Agreement") and (ii) the issue of a series of revenue bonds of the Local Government, dated March 13, 1997 (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 \$6,720,000, issued in the form of one bond registered as to principal to the Authority, with principal payable March 1, June 1, September 1 and December 1 of each year, beginning June 1, 1999, and bear no interest and are as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purpose of refunding the Series 1995 Bonds, paying a portion of the costs of the construction of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and

sewerage system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond ordinance duly passed by the Local Government on February 18, 1997, effective March 3, 1997, as supplemented on March 3, 1997 (collectively, 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 the Infrastructure Council 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 and the Infrastructure Council.
3. The Local Government is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to refund the Series 1995 Bonds and 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 resolutions 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 gross revenues of the System referred to in the

West Virginia Infrastructure and Jobs
Development Council
West Virginia Water Development
Authority
March 13, 1997
Page 3

Local Act on a parity with each other and the Local Government's Series 1997 A and Series 1997 C Bonds issued simultaneously herewith and secured by a first lien on and pledge of the gross 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 and the interest thereon are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality, political subdivision, or agency thereof.

No opinion is given herein as to the effect upon enforceability of the 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 BR-1 and in our opinion, the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

Jackson & Kelly

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

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

WRITER'S DIRECT DIAL NO.

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

256 RUSSELL AVENUE
NEW MARTINSVILLE, WEST VIRGINIA 26155
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6000 HAMPTON CENTER
MORGANTOWN, WEST VIRGINIA 26505
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TELEPHONE 304-726-6088

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PARKERSBURG, WEST VIRGINIA 26101
TELEPHONE 304-424-3490

1880 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-637-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40505
TELEPHONE 606-255-9500

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WASHINGTON, D.C. 20037
TELEPHONE 202-973-0200

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FAIRMONT, WEST VIRGINIA 26554
TELEPHONE 304-368-3000

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Mundi, a global association of more
than 120 independent law firms.*

March 13, 1997

4.1(c)

**West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301**

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

**Re: City of New Martinsville Waterworks and Sewerage System Revenue
Bonds, Series 1997 C**

Gentlemen:

We are bond counsel to the City of New Martinsville (the "Local Government"), a municipal corporation.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of the loan agreement dated March 13, 1997, including all schedules and exhibits attached thereto, by and among the Local Government, the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") (the "Loan Agreement") and (ii) the issue of a series of revenue bonds of the Local Government, dated March 13, 1997 (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 \$420,000, issued in the form of one bond registered as to principal and interest to the Authority, with both principal and interest payable March 1, June 1, September 1 and December 1 of each year, beginning June 1, 2019, and shall bear interest at the rate of one percent (1.00%) per annum, as set forth in "Schedule Y," attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Local Bonds are issued for the purpose of paying a portion of the costs of the construction of certain additions, betterments and improvements for the existing public sewerage facilities of the combined waterworks and sewerage system of the Local Government (the "Project") and paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 8, Article 20, Chapter 22C, Article 2 and Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond ordinance duly passed by the Local Government on February 18, 1997, effective March 3, 1997, as supplemented on March 3, 1997 (collectively, 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.

In connection with the issuance of the Local Bonds, the Local Government has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Local Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Local Bonds from gross income for federal income tax purposes, are and will continue to be met.

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 the Infrastructure Council 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 and the Infrastructure Council.

3. The Local Government is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project and to operate and maintain the System referred to in the 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 resolutions 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 gross revenues of the System referred to in the Local Act on a parity with each other and the Local Government's Series 1997 A and Series 1997 B Bonds issued simultaneously herewith, and secured by a first lien on and pledge of the gross 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. Under existing laws, regulations, public rulings, and judicial decisions, interest on the Local Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (just defined for federal income tax purposes), such interest is taken into account in determining the adjusted current earnings. The opinions set forth above are subject to the condition that the Local Government comply, on a continuing basis, with all covenants, certifications, expectations and representations set forth in the Ordinance, the Certificate as to Non-Arbitrage, and other certificates relating to tax-exemption and all requirements of Code that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Failure to comply with certain of such Code provisions or covenants, certifications, expectations, or representations may cause the interest on the Local Bonds to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Local Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

West Virginia Infrastructure and Jobs
Development Council
West Virginia Water Development
Authority
March 13, 1997
Page 4

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

No opinion is given herein as to the effect upon enforceability of the 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 CR-1 and in our opinion, the form of said bond and its execution and authentication are regular and proper.

Very truly yours,

T Jackson & Kelly

OFFICE OF THE CITY ATTORNEY
CITY OF NEW MARTINSVILLE
POST OFFICE DRAWER 68
256 RUSSELL AVENUE
NEW MARTINSVILLE, WV 26155

BROOKS K. BARKWILL
CITY ATTORNEY

TELEPHONE: (304) 455-1751
FAX: (304) 455-6314

4.2

March 3, 1997

West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301

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

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

Jackson & Kelly
P. O. Box 553
Charleston, West Virginia 25322

In Re: City of New Martinsville \$385,000 Waterworks and Sewerage System
Revenue Bonds, Series 1997 A and \$6,720,000 Waterworks and
Sewerage System Revenue Bonds, Series 1997 B and \$420,000
Waterworks and Sewerage System Revenue Bonds, Series 1997 C

Ladies and Gentlemen:

I am City Attorney for the City of New Martinsville, West Virginia (the "City"). As such counsel, I have examined copies of the approving opinion of Jackson & Kelly, as bond counsel, relating to the above-captioned bonds of the City (the "Bonds"), 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 City, dated January 22, 1997, for the Series 1997 A Bonds, the Loan Agreements by and between the City and the Authority each dated March 13, 1997, for the Series 1997 B Bonds and Series 1997 C Bonds (collectively, the "Loan Agreements"), and a Bond and Note Ordinance duly passed by the Council (the "Council") of the City on February 18, 1997,

effective March 3, 1997, as supplemented by a Supplemental Resolution adopted March 3, 1997 (collectively, the "Ordinance"), and other documents relating to the Bonds. Terms used in said opinions, the Loan Agreements and Ordinance, and not otherwise defined herein, have the same meanings herein.

I am of the opinion that:

1. The Loan Agreements have each been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Authority, constitute valid and binding agreements of the City in accordance with their terms.

2. The officers and members of the Common Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the City.

3. The Ordinance has been duly enacted by the Common Council of the City and is in full force and effect.

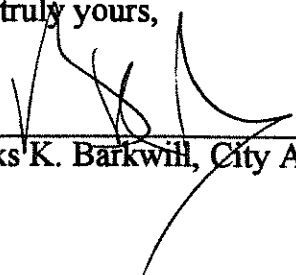
4. The execution and delivery of the Bonds and the Loan Agreements and the consummation of the transactions contemplated by the Loan Agreements, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the City a breach of or default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

5. The City has received all the necessary permits, licenses, approvals and authorizations regarding the construction of the Project.

6. The City duly enacted a sewer rate ordinance on July 29, 1996, 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.

7. To the best of my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public council or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by or the validity of the Bonds or the collection or pledge of the Gross Revenues therefor.

Very truly yours,



Brooks K. Barkwill, City Attorney

JACKSON & KELLY
ATTORNEYS AT LAW

1600 LAIDLEY TOWER
P. O. BOX 553

CHARLESTON, WEST VIRGINIA 25322

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

WRITER'S DIRECT DIAL NO.

March 13, 1997

1660 LINCOLN STREET
DENVER, COLORADO 80264
TELEPHONE 303-837-0003

175 EAST MAIN STREET
LEXINGTON, KENTUCKY 40595
TELEPHONE 606-255-9500

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

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

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Mundi, a global association of more
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West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25064

West Virginia Infrastructure and Jobs
Development Council
1320 One Valley Square
Charleston, West Virginia 25301

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

City of New Martinsville
191 Main Street
New Martinsville, West Virginia 26155-1211

Jackson & Kelly
P. O. Box 553
Charleston, West Virginia 25322

Re: City of New Martinsville \$385,000 Waterworks and Sewerage
System Revenue Bonds, Series 1997 A, \$6,720,000 Waterworks
and Sewerage System Revenue Bonds, Series 1997 B and
\$420,000 Waterworks and Sewerage System Revenue Bonds,
Series 1997 C

Ladies and Gentlemen:

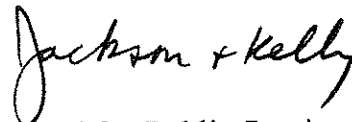
We have served as special counsel to the City of New Martinsville (the "City") in regard to certain matters concerning the Public Service Commission of West Virginia (the "Commission"). We were active in obtaining the City's Order for a certificate of convenience and necessity and approval of the financing. Pursuant to the above-noted document, we are of the opinion that:

West Virginia Water Development Authority
West Virginia Infrastructure and Jobs
Development Council
West Virginia Division of Environmental
Protection
City of New Martinsville
Jackson & Kelly
March 13, 1997
Page 2

The City has received from the Commission a Recommended Decision dated November 27, 1996, which became the Final Order on December 17, 1996, in Case No. 96-0765-S-CN, granting the City a Certificate of Convenience and Necessity, the appeal period for which has expired, and the Order Modifying the Recommended Decision dated March 3, 1997, which became the Final Order on March 10, 1997, with respect to the Approval of Financing.

This opinion may be relied upon as if addressed to all counsel.

Very truly yours,

A handwritten signature in cursive script that reads "Jackson & Kelly".

Counsel for Public Service
Commission Matters