

\$156,705
TOWN OF SOPHIA, WEST VIRGINIA
SEWER REVENUE BONDS
SERIES 1995

DISTRIBUTION LIST

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TOWN OF SOPHIA, WEST VIRGINIA

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE TOWN OF SOPHIA, WEST VIRGINIA BY CONSTRUCTION OF IMPROVEMENTS TO THE SEWER SYSTEM AND OTHER MATTERS; AUTHORIZING THE ISSUANCE BY THE TOWN OF ITS SEWER REVENUE BONDS IN THE AGGREGATE AMOUNT OF \$156,705, SERIES 1995 TO PAY THE COSTS OF SUCH CONSTRUCTION; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE TOWN OF SOPHIA, WEST VIRGINIA:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewage collection and treatment system. However, it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants and customers, and, accordingly, it is hereby ordered, that there be constructed additions, betterments and improvements to the existing sewerage facilities of the Issuer including construction of new and replacement sewer lines, treatment plant improvements and other additions and betterments which are also described in the Engineering Report of the Consulting Engineer (hereinafter collectively called the "Project"), and heretofore filed in the office of the Recorder.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1995 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is therefore deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than \$156,705 (the "Series 1995 Bonds") to finance costs of the construction and acquisition of the Project not otherwise provided for. The estimated maximum cost of the construction and acquisition of the Project is \$810,705, of which \$156,705 will be obtained from the sale of the Series 1995 Bonds, \$574,000 from the small cities block grant hereinafter defined and \$80,000 from a customer surcharge on the new customers using the System. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; capitalized interest during acquisition and construction and

for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1995 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that the Series 1995 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Upon issuance of the Series 1995 Bonds, there will not be outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1995 Bonds as to lien and source of and security for payment.

H. The Issuer has complied with all requirements of West Virginia law relating to the authorization of the construction, acquisition and operation of the Project and issuance of the Series 1995 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or have been waived by the Public Service Commission of West Virginia.

I. The Project is not subject to review by the Infrastructure Council on the basis of having its financing in place prior to the adoption of such legislation.

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

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board and the Sanitary Board has petitioned the Council to enact this Ordinance and issue the Bonds, as needed for the purposes set forth herein.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1995 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such

Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

"Authorized Officer" means the Mayor of the Issuer or any acting Mayor of the Issuer duly appointed by the Governing Body.

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

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

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

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

"Bonds" or "Bonds originally authorized hereby" or similar phrases means, collectively, the Series 1995 Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Construction Fund" means the Construction Fund established by Section 4.01 hereof.

"Consulting Engineers" means Lawson Engineering & Technical Services, Beckley, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

"Debt Service" means 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.

"Depository Bank" means First State Bank & Trust, Beckley, West Virginia, its successors and assigns.

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

"Facilities" means all the facilities of the System as expanded by the Project and also any facilities which may hereafter be added to the System by any additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

"Governing Body" means the council of the Issuer, as may hereafter be constituted.

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts; provided, that "Gross Revenues" does not include any gains from the sale or other disposition of, or from any increase in the value of, capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 7.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The Town of Sophia, in Raleigh County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Loan Agreement" shall mean the Loan Agreement to be entered into between the Authority and the Issuer providing for the purchase of the Series 1995 Bonds from the Issuer by the Authority, the form of which shall be

approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"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 Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1995 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1995 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1995 Bonds.

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

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

"Parity Bonds" means additional Bonds issued under the provisions and within the limitation prescribed by Section 6.07 hereof.

"Paying Agent" means the West Virginia Municipal Bond Commission, its successors and assigns.

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

"Project" shall have the meaning stated above in Section 1.02(B).

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

(a) Government Obligations;

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

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

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

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

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

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6, of the West Virginia Code of 1931, as amended; provided, that investments by such fund on behalf of the Issuer shall be restricted to Qualified Investments other than that described in this paragraph (h); and

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

"Rebate Fund" means the Rebate Fund established by Section 4.01 hereof.

"Recorder" means the Recorder of the Issuer.

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 4.01 hereof.

"Revenue Fund" or "Series Revenue Fund" means the Revenue Fund or Series Revenue Fund established by Section 4.01 hereof.

"Sanitary Board" means any Sanitary Board of the Issuer.

"Series 1995 Bonds" or "Bonds" means the not more than \$156,705 in aggregate principal amount of Sewer Revenue Bonds, Series 1995, of the Issuer.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1995 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Sinking Fund established by Section 4.02 hereof.

"Small Cities Block Grant" means that certain Small Cities Block Grant in the amount of \$574,000 granted to the Issuer.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale the Series 1995 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1995 Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

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

"System" or "Sewerworks System" means the sewerworks system in its entirety or any integral part thereof, including mains, meters, valves, pipes, storage tanks, pump tanks, pumping stations, intakes, wells, impounding reservoirs, pumps, machinery, purification and treatment plants, and all other

Facilities necessary, appropriate, useful, convenient or incidental in connection with or to a sewer system owned by the Issuer, including all sewer facilities now owned by the Issuer and as expanded and improved by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned by the Issuer and held or used in connection with the sewerworks; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the System after completion of the Project and owned by the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$810,705. The Issuer shall have obtained the certificate of the Consulting Engineer in the form attached to the Loan Agreement, such acquisition and construction of the Project in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body, the 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. The proceeds of the Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1995 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying capitalized interest on the Series 1995 Bonds and paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Original Bond and related costs, or any of such purposes, as determined by a Supplemental Resolution, there shall be issued the Series 1995 Bonds, in an aggregate principal amount of not more than \$156,705. Said Bonds shall be designated, "Sewer Revenue Bonds, Series 1995" and shall have such terms as set forth hereinafter or in any Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Account shall, subject to Section 5.02 hereof, be deposited in or credited to the Construction Fund established by Section 4.01 hereof.

Section 3.02. Term of Bonds. The Series 1995 A Bond shall be a single registered bond numbered R-1. The Bonds shall bear interest at such rate or rates, in no event to exceed 6.75% per annum, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe herein or in a Supplemental Resolution. The Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by a Supplemental Resolution, the Series 1995 Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount, and shall mature in principal installments, all as provided herein or in a Supplemental Resolution. The Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations and at such interest rates and shall be payable as determined by a Supplemental Resolution.

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

Section 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and

Registration on such Bond, substantially in the form set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

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

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

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

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of all the Series 1995 Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Fund, the Reserve Account therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1995 BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 1995

No. R-1

\$156,705
Date: July 24, 1995

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF SOPHIA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Hundred Fifty-Six Thousand Seven Hundred Five and 00/100 Dollars (\$156,705.00) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1995. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of Charleston, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 24, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on July 20, 1995 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1995 Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1995 Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Series 1995 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with this Bond or, if the Reserve Account for the Bond is funded (whether by proceeds of the Bond, monthly deposits or otherwise) at an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1995 Bonds in any fiscal year, and any reserve account for such prior or parity obligations is funded at least at the requirement therefor, equal to at least 110% of the amount required in any fiscal year for debt service on the Series 1995 Bonds and any such prior or parity obligations. The Issuer has entered into certain further covenants with the registered owner of the Series 1995 Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owner of the Series 1995 Bonds is exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated July 24, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By: _____
Mayor

[SEAL]

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1995 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: July 24, 1995

THE CITY NATIONAL BANK OF CHARLESTON
as Registrar

By: _____
Senior Vice President

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

\$156,705

Dated Date 7/24/1995
Delivery Date 7/24/1995

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jul 24, 1995	-	-	-	-	-
Oct 1, 1995	-	-	1,968.61	1,968.61	1,968.61
Apr 1, 1996	-	-	5,288.79	5,288.79	-
Oct 1, 1996	965.00	6.750%	5,288.79	6,253.79	11,542.58
Apr 1, 1997	-	-	5,256.23	5,256.23	-
Oct 1, 1997	1,030.00	6.750%	5,256.23	6,286.23	11,542.46
Apr 1, 1998	-	-	5,221.48	5,221.46	-
Oct 1, 1998	1,099.00	6.750%	5,221.46	6,320.46	11,541.92
Apr 1, 1999	-	-	5,184.37	5,184.37	-
Oct 1, 1999	1,173.00	6.750%	5,184.37	6,357.37	11,541.74
Apr 1, 2000	-	-	5,144.78	5,144.78	-
Oct 1, 2000	1,253.00	6.750%	5,144.78	6,397.78	11,542.56
Apr 1, 2001	-	-	5,102.49	5,102.49	-
Oct 1, 2001	1,337.00	6.750%	5,102.49	6,439.49	11,541.98
Apr 1, 2002	-	-	5,057.37	5,057.37	-
Oct 1, 2002	1,427.00	6.750%	5,057.37	6,484.37	11,541.74
Apr 1, 2003	-	-	5,009.21	5,009.21	-
Oct 1, 2003	1,524.00	6.750%	5,009.21	6,533.21	11,542.42
Apr 1, 2004	-	-	4,957.77	4,957.77	-
Oct 1, 2004	1,626.00	6.750%	4,957.77	6,583.77	11,541.54
Apr 1, 2005	-	-	4,902.90	4,902.90	-
Oct 1, 2005	1,738.00	6.750%	4,902.90	6,638.90	11,541.80
Apr 1, 2006	-	-	4,844.31	4,844.31	-
Oct 1, 2006	1,853.00	6.750%	4,844.31	6,697.31	11,541.62
Apr 1, 2007	-	-	4,781.77	4,781.77	-
Oct 1, 2007	1,979.00	6.750%	4,781.77	6,760.77	11,542.54
Apr 1, 2008	-	-	4,714.98	4,714.98	-
Oct 1, 2008	2,112.00	6.750%	4,714.98	6,826.98	11,541.96
Apr 1, 2009	-	-	4,643.70	4,643.70	-
Oct 1, 2009	2,255.00	6.750%	4,643.70	6,898.70	11,542.40
Apr 1, 2010	-	-	4,567.59	4,587.59	-
Oct 1, 2010	2,407.00	6.750%	4,567.59	6,974.59	11,542.18
Apr 1, 2011	-	-	4,486.35	4,486.35	-
Oct 1, 2011	2,569.00	6.750%	4,486.35	7,055.35	11,541.70
Apr 1, 2012	-	-	4,399.65	4,399.65	-
Oct 1, 2012	2,743.00	6.750%	4,399.65	7,142.65	11,542.30
Apr 1, 2013	-	-	4,307.07	4,307.07	-
Oct 1, 2013	2,928.00	6.750%	4,307.07	7,235.07	11,542.14
Apr 1, 2014	-	-	4,208.25	4,208.25	-
Oct 1, 2014	3,126.00	6.750%	4,208.25	7,334.25	11,542.50
Apr 1, 2015	-	-	4,102.75	4,102.75	-
Oct 1, 2015	3,337.00	6.750%	4,102.75	7,439.75	11,542.50
Apr 1, 2016	-	-	3,990.13	3,990.13	-
Oct 1, 2016	3,562.00	6.750%	3,990.13	7,552.13	11,542.26
Apr 1, 2017	-	-	3,869.91	3,869.91	-
Oct 1, 2017	3,802.00	6.750%	3,869.91	7,671.91	11,541.82
Apr 1, 2018	-	-	3,741.59	3,741.59	-
Oct 1, 2018	4,059.00	6.750%	3,741.59	7,800.59	11,542.18
Apr 1, 2019	-	-	3,604.60	3,604.60	-
Oct 1, 2019	4,333.00	6.750%	3,604.60	7,937.60	11,542.20
Apr 1, 2020	-	-	3,458.36	3,458.36	-
Oct 1, 2020	4,625.00	6.750%	3,458.36	8,083.36	11,541.72

EXHIBIT A

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2021	-	-	3,302.27	3,302.27	-
Oct 1, 2021	4,937.00	6.750%	3,302.27	8,239.27	11,541.54
Apr 1, 2022	-	-	3,135.65	3,135.65	-
Oct 1, 2022	5,271.00	6.750%	3,135.65	8,406.65	11,542.30
Apr 1, 2023	-	-	2,957.75	2,957.75	-
Oct 1, 2023	5,627.00	6.750%	2,957.75	8,584.75	11,542.50
Apr 1, 2024	-	-	2,767.84	2,767.84	-
Oct 1, 2024	6,006.00	6.750%	2,767.84	8,773.84	11,541.68
Apr 1, 2025	-	-	2,565.14	2,565.14	-
Oct 1, 2025	6,412.00	6.750%	2,565.14	8,977.14	11,542.28
Apr 1, 2026	-	-	2,348.73	2,348.73	-
Oct 1, 2026	6,844.00	6.750%	2,348.73	9,192.73	11,541.46
Apr 1, 2027	-	-	2,117.75	2,117.75	-
Oct 1, 2027	7,306.00	6.750%	2,117.75	9,423.75	11,541.50
Apr 1, 2028	-	-	1,871.17	1,871.17	-
Oct 1, 2028	7,800.00	6.750%	1,871.17	9,671.17	11,542.34
Apr 1, 2029	-	-	1,607.92	1,607.92	-
Oct 1, 2029	8,326.00	6.750%	1,607.92	9,933.92	11,541.84
Apr 1, 2030	-	-	1,326.92	1,326.92	-
Oct 1, 2030	8,888.00	6.750%	1,326.92	10,214.92	11,541.84
Apr 1, 2031	-	-	1,026.95	1,026.95	-
Oct 1, 2031	9,488.00	6.750%	1,026.95	10,514.95	11,541.90
Apr 1, 2032	-	-	706.73	706.73	-
Oct 1, 2032	10,128.00	6.750%	706.73	10,834.73	11,541.46
Apr 1, 2033	-	-	364.91	364.91	-
Oct 1, 2033	10,812.00	6.750%	364.91	11,176.91	11,541.82
	156,705.00		283,860.83	440,565.83	440,565.83

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Series 1995 Bonds; Ratification of Execution of Loan Agreement with Authority; Incorporation of Terms. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in substantially the form attached hereto as "Exhibit A" and made a part hereof, with such changes, insertions and omissions as may be approved by the Mayor, the execution of which shall be conclusive evidence of such approval, and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved. The Loan Agreement, as the same may be amended and/or supplemented, and the terms and provisions thereof are herein incorporated by reference thereto.

Section 3.11. Amended Schedule A Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the project and sources of funds therefor.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. 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 separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue or Sewer Revenue Fund;
- (2) Operation and Maintenance Fund;
- (3) Renewal and Replacement Fund; and
- (4) Construction Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

- (1) Series 1995 Bonds Sinking Fund;
 - (a) Within the Series 1995 Bonds Sinking Fund, the Series 1995 Bonds Reserve Account.

Section 4.03. System Revenues; Flow of Funds.

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

(1) The Issuer shall first each month transfer from the Revenue Fund to the Operation and Maintenance Fund the amount necessary and sufficient to pay current Operating Expenses.

(2) The Issuer shall next, (i) on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1995 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to $1/6$ of the amount of interest which will become due on said Bond on the next ensuing semiannual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date, and (ii) on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, a sum equal to $1/12$ th of the amount of principal which will mature and become due on said Bond on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one

month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1995 Bond, if not fully funded upon issuance of the Bond, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1995 Bond Reserve Account, an amount equal to 1/120 of the Series 1995 Bond Reserve Requirement; provided, that no further payments shall be made into the Series 1995 Bond Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1995 Bond Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, 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 the Series 1995 Bonds Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VII 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 Series 1995 Bonds 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 Series 1995 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Bonds as the same shall become due. Moneys in the Series 1995 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Bonds, as the same shall come due when other moneys in the attendant Sinking Fund are insufficient therefore, and for no other purpose.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Sinking Fund and Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Construction Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the Bonds, and then to the next ensuing principal payments due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1995 Bonds Reserve Account which result in a reduction in the balance of the Series 1995 Bonds Reserve Account to below the Series 1995 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full, to the Series 1995 Bonds Sinking Fund for payment of debt service on the Series 1995 Bonds have been paid in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments

into the Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the reserve account in an amount equal to the maximum provided and required to be paid into the Sinking Fund in any year for account of the Bonds, including such additional Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or into the Series 1995 Bond Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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 Issuer 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 Bond Legislation.

Moneys in the Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

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

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated 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 other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

D. The moneys in excess of the sum insured by 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.

E. If on any monthly payment date the revenues are insufficient to

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 5.01. Pledge of Unexpended Bond Proceeds. From the moneys received from time to time from the sale of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be paid any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

B. From the proceeds of the Series 1995 Bonds, there shall next be deposited with the Commission in the Series 1995 Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1995 Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. Next, from the proceeds of the Series 1995 Bonds, there shall be deposited with the Commission in the Series 1995 Bonds Reserve Account the sum, if any, set forth in the Supplemental Resolution for funding of the Reserve Account.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Construction Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Construction Fund and shall comply with all requirements with respect to the disposition of the Construction Fund set forth in the Bond Legislation. Moneys in the Construction Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1995 Bonds.

Section 5.02. Disbursements From the Construction Fund. Payments for Costs of the Project shall be made monthly.

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

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

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

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

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

In case any contract provides that the retention of a portion of the contract price, the Depository Bank shall disburse from the Construction Fund only the net amount remaining after deduction of any such portion. All payments made from the Construction 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 Construction 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 Construction Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Construction Fund to the Series 1995 Bonds Reserve Account, and when the Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on the Bonds and thereafter to the next ensuing principal payments due thereon.

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bond. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article VI. 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 6.02. Bonds Not to be Indebtedness of the Issuer. The Bonds shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay said Bonds or the interest thereon.

Section 6.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1995 Bonds issued hereunder shall be secured forthwith by a first lien on the Net Revenues derived from the operation of the System, to the extent necessary to make the payments required under Section 4.03 of this Bond Legislation.

The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Fund, including the Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 6.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the existing rate ordinance of the Issuer adopted on October 21, 1993, and to take effect upon completion of the Project.

Section 6.05. Sale of the System. Except as otherwise required by state law, or with the written consent of 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 all the Bonds, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Section 9.01 hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received

during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 6.06 and in Section 6.07B, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably provided 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 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 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. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1995 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

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

Section 6.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Bond issued pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1995 Bonds.

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

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

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

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

The Net Revenues actually derived from the System during the 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 said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 1995 Bonds. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1995 Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 6.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 6.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Bonds.

Section 6.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Consulting Engineers and the Authority, or any other original purchaser of the Bonds, and shall mail in each

year to any Holder or Holders of Bonds requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds or other obligations outstanding.

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

The Issuer shall also, during construction of the Project and for two years following the completion of the Project, complete a Monthly Financial Report, as described in the Loan Agreement, and forward a copy by the 10th of each month to the Authority.

Section 6.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges 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. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the reserve accounts or reserve accounts for obligations prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 6.04.

Section 6.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and

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

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

Section 6.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 6.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class: and in the event

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

Section 6.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

(4) FLOOD INSURANCE, to the extent available at reasonable cost to the Issuer.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such Worker's Compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction, provided that Issuer gives no assurance of compliance with these requirements for parties outside the limits of the Town.

Section 6.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Bonds are used for private business use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a private business use or in payments in respect of property used or to be used for a private business use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a private business use, and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Bonds are used for a private business use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Bonds during the term thereof is, under the terms of the Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said private business use or in payments in respect of property used or to be used for said private business use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said

private business use, then said excess over said 5% of Net Proceeds of the Bonds used for a private business use shall be used for a Private Business Use related to the governmental use of the Project, or if the Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such private business use is related.

B. PRIVATE LOAN LIMITATION. The Issuer 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.

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

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

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

Section 6.18. Securities Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit, annual operating related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, (240, 15c2-12)).

ARTICLE VII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 7.01. Investments. Any moneys held as a part of the funds and accounts created by this Bond Legislation, other than the Revenue Fund, shall be invested and re-invested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 7.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are outstanding.

Section 7.02. 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 Issuer'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 Regulations, and (ii) it will take all actions that may be required of it or shall refrain from taking any action, as shall be deemed necessary by the Authority (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 7.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer 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 Issuer shall deposit, or cause to be deposited, in 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, and used only for payment of rebatable arbitrage to the United States. The Issuer 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 Issuer to be used for any lawful purpose of the System. The Issuer 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 Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer 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 Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer 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 of such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer 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 Bonds from gross income for federal income tax purposes.

The Issuer 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 Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer 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 Bonds subject to rebate. The Issuer shall furnish to the Authority such information with respect to earnings on all moneys constituting "Gross Proceeds" of the Bonds (as such term is defined in the Code) from time to time as the Authority may request. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

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

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

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bond, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bond, or the rights of such Registered Owners.

Section 8.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default in payment of principal of or interest on the Local Bonds with respect to such Bond any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project or both, as provided by law, on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bond and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and

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

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

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

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance of Series 1995 Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 1995 Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1995 Bonds only the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1995 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1995 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All the Series 1995 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either 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 of and interest due and to become due on said Series 1995 Bonds on and prior to the next redemption date or 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 purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1995 Bonds provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bond on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66 2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest on the Bonds from gross income of the holders thereof.

Section 10.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Bond.

Section 10.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 10.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed. The Ordinance approved on first and second reading on May 19, 1994, and May 26, 1994, respectively, and effective after public hearing on June 19, 1994, regarding Sewer Revenue Bonds, Series 1994, is hereby repealed and superseded by this Bond Legislation.

Section 10.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen,

to be performed or to be taken precedent to and in the enactment of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, Recorder and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 10.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Bond legislation determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for two successive weeks within a period of fourteen consecutive days, with at least six full days intervening between each publication, in a qualified newspaper published and of general circulation in the Town of Sophia, together with a notice stating that this Bond legislation has been adopted and that the Issuer contemplates the issuance of the Bond, and that any person interested may appear before the Town Council upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading - June 15, 1995.

Passed on Second Reading - June 29, 1995.

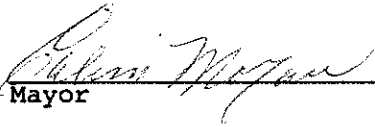
Passed on Final Reading

Following Public Hearing - July 20, 1995.

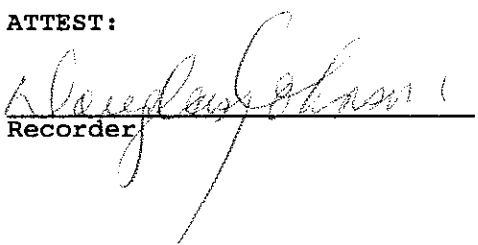
TOWN OF SOPHIA, WEST VIRGINIA

[SEAL]

By:


Mayor

ATTEST:


Recorder

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the council of the TOWN OF SOPHIA on the 20th day of July, 1995.

Dated: July 24, 1995.

[SEAL]

Wanda Robinson
Recorder

Exhibit A - Loan Agreement

(See Tab 9)

LOAN AGREEMENT

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

TOWN OF SOPHIA

(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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 "Origination Fee" means the fee paid by a Governmental Agency with respect to its participation in the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987, to provide funds for the acquisition and construction of wastewater Projects.

1.8 "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.

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

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

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

ARTICLE II

The Project and the System

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

Now administered by the West Virginia Division of Environmental Protection.

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 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.

Engineers to such effect the form of which certificate is attached hereto as Exhibit A;

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act and the Resolution, and that such refinancing will not cause a violation of any covenant, representation or agreement of the Authority contained in the Resolution or Tax Regulatory Agreement with respect to the exclusion of the interest on the Bonds from gross income of the holder thereof for federal income tax purposes;

(e) 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;

(f) 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;

(g) 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;

(h) 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;

(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 shall have received a certificate of the

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least

(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 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;

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

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

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.

4.3 An Origination Fee Account shall be established with the Trustee to hold the portion of the proceeds of any Loan established to fund an Origination Fee. Amounts on deposit in an Origination Fee Account shall belong to the Governmental Agency receiving the related Loan, but such amounts may only be disbursed from the Account to pay the Origination Fee as and when required to satisfy the requirements of the State's Revolving Fund program established pursuant to Title VI of the Water Quality Act of 1987 or for such other purposes as the Authority may approve in writing.

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

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

4.6 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.

the Local Act and in compliance with the provisions of Subsection 4.1(b) (ii) hereof.

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

5.3 In the event the Governmental Agency defaults in the payment of any fees due to the Authority pursuant to 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 Section 6a of the Act, including without limitation the right to impose, enforce and collect directly charges upon users of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

the Project a schedule in substantially the form of Amended Schedule A to the Application, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Governmental Agency specifically recognizes that it is hereby agreeing to sell its Local Bonds to the Authority and that such obligation may be

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 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 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) that the net proceeds of the Bonds, together with all other moneys on deposit or to be

EXHIBIT B

[Opinion of Bond Counsel for Governmental Agency]

[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 "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 payable April 1 and October 1 of each year, beginning _____ 1, 19____, at the respective rate or rates and with principal payable in installments on October 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

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,

WDA-5X
(May 1993)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 156,705
Purchase Price of Local Bonds \$ 156,705

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 6.75 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority

Town of Sophia

\$156,705

Dated Date 7/24/1995

Delivery Date 7/24/1995

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jul 24, 1995	-	-	-	-	-
Oct 1, 1995	-	-	1,968.61	1,968.61	1,968.61
Apr 1, 1996	-	-	5,288.79	5,288.79	-
Oct 1, 1996	965.00	6.750%	5,288.79	6,253.79	11,542.58
Apr 1, 1997	-	-	5,256.23	5,256.23	-
Oct 1, 1997	1,030.00	6.750%	5,256.23	6,286.23	11,542.46
Apr 1, 1998	-	-	5,221.46	5,221.46	-
Oct 1, 1998	1,099.00	6.750%	5,221.46	6,320.46	11,541.92
Apr 1, 1999	-	-	5,184.37	5,184.37	-
Oct 1, 1999	1,173.00	6.750%	5,184.37	6,357.37	11,541.74
Apr 1, 2000	-	-	5,144.78	5,144.78	-
Oct 1, 2000	1,253.00	6.750%	5,144.78	6,397.78	11,542.56
Apr 1, 2001	-	-	5,102.49	5,102.49	-
Oct 1, 2001	1,337.00	6.750%	5,102.49	6,439.49	11,541.98
Apr 1, 2002	-	-	5,057.37	5,057.37	-
Oct 1, 2002	1,427.00	6.750%	5,057.37	6,484.37	11,541.74
Apr 1, 2003	-	-	5,009.21	5,009.21	-
Oct 1, 2003	1,524.00	6.750%	5,009.21	6,533.21	11,542.42
Apr 1, 2004	-	-	4,957.77	4,957.77	-
Oct 1, 2004	1,626.00	6.750%	4,957.77	6,583.77	11,541.54
Apr 1, 2005	-	-	4,902.90	4,902.90	-
Oct 1, 2005	1,736.00	6.750%	4,902.90	6,638.90	11,541.80
Apr 1, 2006	-	-	4,844.31	4,844.31	-
Oct 1, 2006	1,853.00	6.750%	4,844.31	6,697.31	11,541.62
Apr 1, 2007	-	-	4,781.77	4,781.77	-
Oct 1, 2007	1,979.00	6.750%	4,781.77	6,760.77	11,542.54
Apr 1, 2008	-	-	4,714.98	4,714.98	-
Oct 1, 2008	2,112.00	6.750%	4,714.98	6,826.98	11,541.96
Apr 1, 2009	-	-	4,643.70	4,643.70	-
Oct 1, 2009	2,255.00	6.750%	4,643.70	6,898.70	11,542.40
Apr 1, 2010	-	-	4,567.59	4,567.59	-
Oct 1, 2010	2,407.00	6.750%	4,567.59	6,974.59	11,542.18
Apr 1, 2011	-	-	4,486.35	4,486.35	-
Oct 1, 2011	2,569.00	6.750%	4,486.35	7,055.35	11,541.70
Apr 1, 2012	-	-	4,399.65	4,399.65	-
Oct 1, 2012	2,743.00	6.750%	4,399.65	7,142.65	11,542.30
Apr 1, 2013	-	-	4,307.07	4,307.07	-
Oct 1, 2013	2,928.00	6.750%	4,307.07	7,235.07	11,542.14
Apr 1, 2014	-	-	4,208.25	4,208.25	-
Oct 1, 2014	3,126.00	6.750%	4,208.25	7,334.25	11,542.50
Apr 1, 2015	-	-	4,102.75	4,102.75	-
Oct 1, 2015	3,337.00	6.750%	4,102.75	7,439.75	11,542.50
Apr 1, 2016	-	-	3,990.13	3,990.13	-
Oct 1, 2016	3,562.00	6.750%	3,990.13	7,552.13	11,542.26
Apr 1, 2017	-	-	3,869.91	3,869.91	-
Oct 1, 2017	3,802.00	6.750%	3,869.91	7,671.91	11,541.82
Apr 1, 2018	-	-	3,741.59	3,741.59	-
Oct 1, 2018	4,059.00	6.750%	3,741.59	7,800.59	11,542.18
Apr 1, 2019	-	-	3,604.60	3,604.60	-
Oct 1, 2019	4,333.00	6.750%	3,604.60	7,937.60	11,542.20
Apr 1, 2020	-	-	3,458.36	3,458.36	-
Oct 1, 2020	4,625.00	6.750%	3,458.36	8,083.36	11,541.72

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2021	-	-	3,302.27	3,302.27	-
Oct 1, 2021	4,937.00	6.750%	3,302.27	8,239.27	11,541.54
Apr 1, 2022	-	-	3,135.65	3,135.65	-
Oct 1, 2022	5,271.00	6.750%	3,135.65	8,406.65	11,542.30
Apr 1, 2023	-	-	2,957.75	2,957.75	-
Oct 1, 2023	5,627.00	6.750%	2,957.75	8,584.75	11,542.50
Apr 1, 2024	-	-	2,767.84	2,767.84	-
Oct 1, 2024	6,006.00	6.750%	2,767.84	8,773.84	11,541.68
Apr 1, 2025	-	-	2,565.14	2,565.14	-
Oct 1, 2025	6,412.00	6.750%	2,565.14	8,977.14	11,542.28
Apr 1, 2026	-	-	2,348.73	2,348.73	-
Oct 1, 2026	6,844.00	6.750%	2,348.73	9,192.73	11,541.46
Apr 1, 2027	-	-	2,117.75	2,117.75	-
Oct 1, 2027	7,306.00	6.750%	2,117.75	9,423.75	11,541.50
Apr 1, 2028	-	-	1,871.17	1,871.17	-
Oct 1, 2028	7,800.00	6.750%	1,871.17	9,671.17	11,542.34
Apr 1, 2029	-	-	1,607.92	1,607.92	-
Oct 1, 2029	8,326.00	6.750%	1,607.92	9,933.92	11,541.84
Apr 1, 2030	-	-	1,326.92	1,326.92	-
Oct 1, 2030	8,888.00	6.750%	1,326.92	10,214.92	11,541.84
Apr 1, 2031	-	-	1,026.95	1,026.95	-
Oct 1, 2031	9,488.00	6.750%	1,026.95	10,514.95	11,541.90
Apr 1, 2032	-	-	706.73	706.73	-
Oct 1, 2032	10,128.00	6.750%	706.73	10,834.73	11,541.46
Apr 1, 2033	-	-	364.91	364.91	-
Oct 1, 2033	10,812.00	6.750%	364.91	11,176.91	11,541.82
	156,705.00		283,860.83	440,565.83	440,565.83

SCHEDULE Y
REVENUES

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

- (i) to pay Operating Expenses of the System;
- (ii) to the extent not otherwise limited by an outstanding local resolution, indenture or other act or document, as reflected on Schedule X to the Loan Agreement, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds from revenues and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth ($1/6$) of the interest payment next coming due on the Local Bonds and one-twelfth ($1/12$) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the Reserve Account was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit) in an amount equal to the Reserve Requirement, by depositing in the Reserve Account an amount not less than one-twelfth ($1/12$) of one-tenth ($1/10$) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;
- (iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent ($2-1/2\%$) of the gross revenues from the System, exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account;
- (iv) to provide debt service on and requisite reserves for any subordinate indebtedness of the Governmental Agency held or owned by the Authority; and

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

Additional Conditions and Covenants

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

2. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, a permit from the West Virginia Division of Environmental Protection.

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

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

of either system until all delinquent charges for the services of the System have been fully paid.

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

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

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

- (a) The Governmental Agency expects to enter into a contract within six months of the date thereof for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2-1/2 percent of the estimated total Project cost financed with proceeds from the sale of the Local Bonds or \$100,000;
- (b) Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within three years from the date of issuance of the Authority's water development revenue bonds;
- (c) All of the proceeds from the sale of the Local Bonds which will be used for payment of costs of the Project will be expended for such purpose within three years from the date of issuance of the Authority's water development revenue bonds; and
- (d) The Governmental Agency does not expect to sell or otherwise dispose of the Project, in whole or in part, prior to the last maturity date of the Local Bonds.

THE TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

CERTIFICATE OF CONSULTING ENGINEER

I, Michael V. Lawson, Registered Professional Engineer, West Virginia License No. 8309 of Lawson Engineering & Technical Services, Consulting Engineers, Beckley, West Virginia, hereby certify that my firm is engineer for the acquisition and construction of certain additions, betterments and improvements to the sewer system (herein called the "Project") of the Town of Sophia (the "Issuer") to be constructed in Raleigh County, West Virginia, which construction is being permanently financed, in part, by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used and not otherwise defined herein shall have the meaning assigned to such terms in the Ordinance enacted and adopted by the Town Council of the Issuer and effective on July 20, 1995 ("the Ordinance"), and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority") dated July 24, 1995.

1. The Bonds are being issued for the purpose of financing a portion of the costs 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 has been approved by all necessary governmental bodies, including the Public Service Commission of West Virginia ("PSC") which granted a Certificate of Public Convenience and Necessity for the Project on January 5, 1994, in Case No. 93-0856-S-CN, which became the final order of the PSC on January 25, 1994, the time for appeal of which had expired prior to the date hereof without appeal, (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 Application, and my firm has ascertained that all contractors will make 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 Town Council of the Issuer are sufficient to comply with the provisions of Subsection 4.1(b) (ii) of the Loan Agreement, (vi) that 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 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.

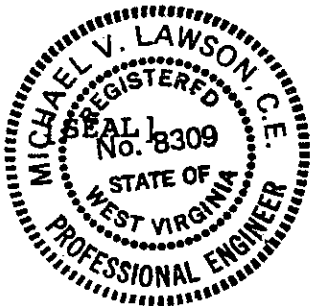
WITNESS my signature on this 21 day of July,
1995.

LAWSON ENGINEERING & TECHNICAL
SERVICES

By: Michael V. Lawson

Its: Owner

West Virginia License No. 8309



AMENDED SCHEDULE A

DATE: JULY 3, 1995

NAME OF GOVERNMENTAL AGENCY: TOWN OF SOPHIA

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

A. Cost of Project

1. Construction	\$	<u>574,301</u>	
2. Technical Services	\$	<u>79,999</u>	
3. Legal and Fiscal	\$	<u>5,000</u>	
4. Administrative	\$	<u>30,000</u>	
5. Site and Other Lands	\$	<u>2,000</u>	
6. Step I and/or Step II (Design) or Other Loan Repayment (Specify Type : _____)			
7. Interim Financing Costs	\$	<u> </u>	
8. Contingency	\$	<u>91,539</u>	
9. Total of Lines 1 Through 8			\$ <u>782,839</u>

B. Sources of Funds

10. Federal Grants : (Specify Sources)	<u> </u>	\$ <u> </u>	
11. State Grants : (Specify Sources)	<u>SCBG</u>	\$ <u>574,000</u>	
	<u> </u>	\$ <u> </u>	
12. Other Grants : (Specify Sources)	<u> </u>	\$ <u> </u>	
13. Any Other Source : (Specify)	<u>SURCHARGE</u>	\$ <u>80,000</u>	
14. Total of Lines 10 Through 13			\$ <u>654,000</u>
15. Net Proceeds Required from Bond Issue (Line 9 Less than 14)			\$ <u>128,839</u>

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	\$	<u>15,866</u>	
17. Funded Reserve Account :	\$	<u> </u>	
18. Other Costs : Bond Counsel	\$	<u>12,000</u>	
	\$	<u> </u>	
19. Total Cost of Financing (lines 16 through 18)			\$ <u>27,866</u>
20. Size of Bond Issue (Line 15 plus Line 19)			\$ <u>156,705</u>



Smith, Cochran & Hicks
Certified Public Accountants

TOWN OF SOPHIA,
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 SEWER REVENUE BONDS, SERIES 1995

CERTIFIED PUBLIC ACCOUNTANTS CERTIFICATE

Smith, Cochran & Hicks, Certified Public Accountants, have reviewed the sewer service rates which were enacted by the Town of Sophia (the "Town") on October 21, 1993 (the "Rate Ordinance"). It is our opinion that the schedule of rates set forth in the Rate Ordinance are adequate to pay operation and maintenance expenses of the System, as defined in the Ordinance, to pay the principal of and interest on the Bonds, as defined in the Ordinance, and to meet the one hundred fifteen (115%) debt service coverage requirement of the Bonds and the Ordinance enacted and adopted by the Town Council of the Town and effective on July 20, 1995, and are sufficient to comply with the provisions of the Loan Agreement entered into between the Town and the West Virginia Water Development Authority on July 24, 1995.

WITNESS my signature as of this 24th day of July, 1995.

SMITH, COCHRAN & HICKS
Certified Public Accountants
Charleston, West Virginia

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 24th day of July, 1995, by and between the TOWN OF SOPHIA, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE CITY NATIONAL BANK OF CHARLESTON, a national banking association, having its principal office in Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$156,705 aggregate principal amount of Sewer Revenue Bond, Series 1995, in fully registered form (the "Bond"), pursuant to an Ordinance enacted and adopted by the Issuer and effective on July 20, 1995 (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 the appointment by the Issuer of a Registrar for the Bond; and

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

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

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

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

5. It is intended that this Registrar's Agreement shall carry out and implement the 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 Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the 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 sixty (60) days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

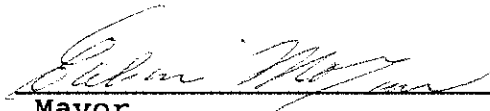
ISSUER: Town of Sophia
Attention: Honorable Calvin Moran, Mayor
P.O. Box 700
Sophia, West Virginia 25921

REGISTRAR: The City National Bank of Charleston
Attention: Charles Jarrell
3601 MacCorkle Ave., S.E.
Charleston, West Virginia 25404

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bond in accordance with the Ordinance and instructions provided by the Issuer and the Purchaser thereof.

IN WITNESS WHEREOF, the TOWN OF SOPHIA and THE CITY NATIONAL BANK OF CHARLESTON have caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day, month and year first above-written.

THE OF SOPHIA

By: 
Mayor

THE CITY NATIONAL BANK OF CHARLESTON

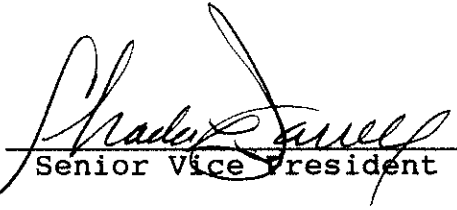
By: 
Senior Vice President

Exhibit A

See Ordinance (Tab No. 6)

TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

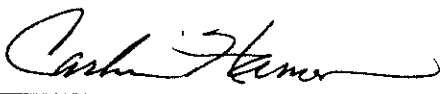
\$156,705 Sewer Revenue Bonds,
Series 1995

ACCEPTANCE OF DUTIES AS DEPOSITORY BANK

First State Bank & Trust, a state banking corporation, with its principal office located in Beckley, Raleigh County, West Virginia, hereby accepts appointment as Depository Bank in connection with an Ordinance of the Town of Sophia (the "Town") duly enacted and adopted by the Town Council of the Town (the "Council") and effective on July 20, 1995 (the "Ordinance") authorizing issuance of the Town of Sophia, Sewer Revenue Bonds, Series 1995, dated July 24, 1995, in the aggregate principal amount of \$156,705 and agrees to perform all duties of Depository Bank, all as set forth in the Ordinance.

Witness my signature as of the 18 day of July, 1995.

FIRST STATE BANK & TRUST

By: 
Its: Pres. + CEO

accept.dut

TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

ACCEPTANCE OF DUTIES AS REGISTRAR

The City National Bank of Charleston, a national banking association, with its principal office located in Charleston, Kanawha County, West Virginia, hereby accepts appointment as Registrar in connection with an Ordinance (the "Ordinance") of the Town of Sophia (the "Town") duly enacted and adopted by the Town Council of the Town of Sophia and effective on July 20, 1995, authorizing issuance of the Town of Sophia, Sewer Revenue Bonds, Series 1995, dated July 24, 1995, in the aggregate principal amount of \$156,705 and agrees to perform all duties of Registrar as set forth in the Ordinance.

Witness my signature as of the 24th day of July, 1995.

THE CITY NATIONAL BANK OF CHARLESTON

By:


Senior Vice President

REQUEST AND AUTHORIZATION AS TO AUTHENTICATION
AND DELIVERY OF THE BONDS

July 24, 1995

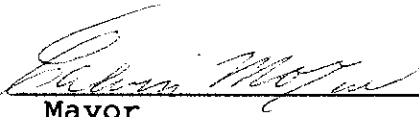
The City National Bank of Charleston
3601 MacCorkle Ave., S.E.
Charleston, WV 25304

Ladies and Gentlemen:

We herewith hand to you, duly executed, \$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds, Series 1995, in the form of one bond, numbered R-1 (the "Bond") of the Town of Sophia (the "Town"), authorized to be issued under and pursuant to the Ordinance, duly enacted and adopted by the Council of the Town (the "Town") and effective on July 20, 1995.

You are hereby requested and authorized to authenticate and register the Bond and to deliver the Bond on behalf of the Town to the West Virginia Water Development Authority, the original purchaser thereof, upon receipt by the Town of \$156,705, representing the proceeds of the Bond.

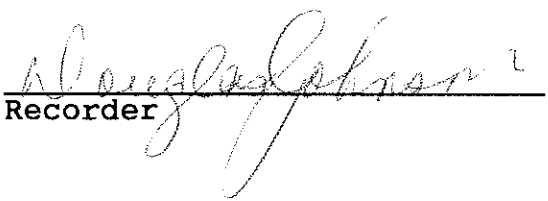
TOWN OF SOPHIA

By: 

Mayor

(SEAL)

Attest:


Recorder

THE TOWN OF SOPHIA, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

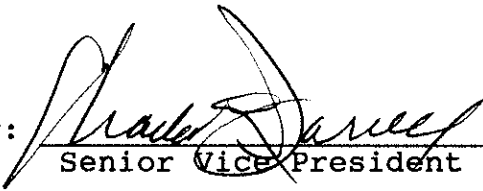
CERTIFICATE OF REGISTRATION OF BOND

I, Charles Jarrell, Senior Vice President, of The City National Bank of Charleston, as Registrar (the "Registrar"), under a Registrar's Agreement between the Registrar and the Town of Sophia (the "Town") dated as of the date hereof, hereby certify that on the 24th day of July, 1995, the bond of the Town of Sophia in the principal amount of \$156,705 designated "The Town of Sophia Sewer Revenue Bonds, Series 1995", and numbered R-1, dated as of the date hereof, was registered as to principal and interest in the name of "The West Virginia Water Development Authority" on the books of the Registrar kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature as of the 24th day of July, 1995.

THE CITY NATIONAL BANK OF CHARLESTON
as Registrar

By:


Senior Vice President

THE TOWN OF SOPHIA
RALEIGH COUNTY, WEST VIRGINIA

\$156,705 Sewer Revenue Bonds,
Series 1995

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

The undersigned Daniel B. Yonkosky, Director of the West Virginia Water Development Authority (the "WDA"), and Calvin Moran, Mayor of the Town of Sophia, Raleigh County, West Virginia (the "Issuer"), hereby certify as follows:

1. On the 24th day of July, 1995, the WDA received the entire original issue in aggregate principal amount of \$156,705 of the Sewer Revenue Bonds, Series 1995, of the Issuer (the "Bond"). The Bond, as so received on original issuance, is dated July 24, 1995, and is issued as Bond Number R-1, in the denomination of \$156,705.

2. At the time of such receipt of the Bond, the Bond had been executed by Calvin Moran, as Mayor of the Issuer, by his manual signature, and by Douglas Johnson, as Recorder of the Issuer, by his manual signature, and the official seal of the Issuer had been imprinted upon the Bond.

3. The Issuer has received and hereby acknowledges receipt from the WDA, as the original purchaser of the Bond, of \$156,705 being the proceeds of the Bond.

IN WITNESS WHEREOF, this receipt has been signed and delivered on behalf of the West Virginia Water Development Authority and the Town of Sophia, Raleigh County, West Virginia, has caused this receipt to be executed by its Mayor, as of the 24th day of July, 1995.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By:

Daniel B. Yonkosky
Director

THE TOWN OF SOPHIA

By:

Calvin Moran
Mayor

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

Charleston
REF ID: A111111

July 24, 1995

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

Re: \$156,704 Town of Sophia, West Virginia, Sewer Revenue
Bonds, Series 1995

Gentlemen:

We are bond counsel to the Town of Sophia, West Virginia (the "Town"), a municipal corporation located in Raleigh County, West Virginia.

We have examined a certified copy of proceedings and other papers relating to (i) the authorization of a loan agreement, dated July 24, 1995, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Town and the West Virginia Water Development Authority (the "Authority") and (ii) the issuance of a sewer revenue bond of the Town, dated July 24, 1995 (the "Bond"), to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bond is in the principal amount of \$156,704, and is issued in the form of one bond registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, beginning October 1, 1995, at the rate set forth in Exhibit A incorporated in and made a part of the Bond.

The Bond is issued for the purpose of financing a portion of the costs of constructing certain extensions, additions, betterments and improvements to the Town's sewerage facilities, paying capitalized interest on the Bond and paying certain issuance and other costs in connection therewith (the "Project").

We have also examined the applicable provisions of Chapter 16, Article 13 of the Code of West Virginia of 1931, as amended (the "Act"), and the Bond has been authorized by an Ordinance duly enacted and adopted by the Town Council of the Town ("Council")

GOODWIN & GOODWIN

West Virginia Water Development
Authority
July 24, 1995
Page Two

effective on July 20, 1995, (the "Ordinance"), pursuant to and under which Act and Ordinance the Bond is authorized and issued, and the Loan Agreement has been undertaken. The Bond is subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance 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 Town and is a valid and binding special obligation of the Town 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 Town without the consent of the Authority.

3. The Town is a duly organized and presently existing municipal corporation 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 Bond, all under the Act and other applicable provisions of law. The Town has legally and validly created the sewerage system and has taken all legal action necessary to operate a sewerage system.

4. The Town has legally and effectively enacted the Ordinance and has satisfied all other necessary requirements in connection with the issuance and sale of the Bond. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

5. The Bond is a valid and legally enforceable special obligation of the Town, payable from the Net Revenues of the System referred to in the Ordinance and secured by a lien on and pledge of the Net Revenues of said System, all in accordance with the terms of the Bond and the Ordinance, and has been duly issued and delivered to the Authority. The Town has reserved the right to issue additional bonds ranking on a parity with the Bond, as provided in the Ordinance. The Town has certified, and an independent certified public accountant has verified, that the rates and charges for the use of and service rendered by the System

GOODWIN & GOODWIN

West Virginia Water Development
Authority
July 24, 1995
Page Three

are sufficient to pay all Operating Expenses (as defined in the Ordinance) of the System and to pay the principal of and interest on the Bond, when due. The Ordinance requires that such schedule of rates and charges be changed and readjusted whenever necessary so that the aggregate of such rates and charges will be sufficient for such purposes.

6. Under existing statutes and court decisions, as presently written and applied, interest on the Bond is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and such interest will not be treated as a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of a corporation for purposes of computing the alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Town has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the interest on the Bond to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. We express no opinion herein regarding other tax consequences arising with respect to the Bond.

7. Under the Act, as presently written and applied, the Bond and the income thereon are exempt from taxation by the State of West Virginia.

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

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

Respectfully submitted,



GOODWIN & GOODWIN

LAW OFFICES
GOODWIN & GOODWIN
P. O. BOX 2107
1500 ONE VALLEY SQUARE
CHARLESTON, WEST VIRGINIA 25328-2107
304/346-7000
TELECOPIER 304/344-9692

201 THIRD STREET
PARKERSBURG, WEST VIRGINIA 26101
304/485-2345

P. O. BOX 349
500 CHURCH STREET
RIPLEY, WEST VIRGINIA 25271
304/372-2651

Charleston

July 24, 1995

Town of Sophia
P.O. Box 700
Sophia, WV 25921

Re: \$156,705 Town of Sophia, West Virginia, Sewer Revenue
Bonds, Series 1995

Gentlemen:

We have examined a record of proceedings relating to the issuance of the \$156,705 in aggregate principal amount of Town of Sophia, West Virginia, Sewer Revenue Bond, Series 1995 (the "Bond"), issued by the Town of Sophia (the "Town"), a municipal corporation, and the Non-Arbitrage Certificate executed by Calvin Moran, Mayor of the Town on this date.

We are of the opinion that the facts, estimates and circumstances set forth in the Non-Arbitrage Certificate are sufficient to satisfy the requirements of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") to support the conclusion that the Bond is not an "arbitrage bond" as therein defined.

The Town has general taxing powers to finance operations of or facilities of the nature of the System, and the Town and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during the calendar year in which the Bond is to be issued and have issued no other tax-exempt obligations during the current calendar year (or if the Town has issued tax-exempt obligations, the total of all bonds issued will be less than the \$5,000,000). Consequently, interest earnings with respect to the Bond in excess of the yield of the Bond are not subject to the rebate requirements of the Code.

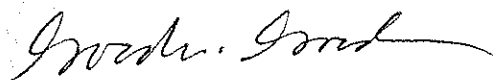
GOODWIN & GOODWIN

Town of Sophia
July 24, 1995
Page Two

No matters have come to our attention which in our opinion make unreasonable or incorrect the representations made in such certification.

Please be advised that this opinion is subject to the condition that the Town comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bond in order that the Bond not be an "arbitrage bond." Failure to comply with certain of such requirements may cause the interest on the Bond to be includable in gross income for federal income tax purposes retroactive to the date of issuance of the Bond. The Town has covenanted to comply with all such requirements.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Goodwin & Goodwin", written in dark ink.

GOODWIN & GOODWIN

ZIEGLER, GUNNOE & KEMP
ATTORNEYS AT LAW

DAVID L. ZIEGLER
RICHARD M. GUNNOE
KELLY K. KEMP

110 JAMES STREET
HINTON, WV 25951
TELEPHONE (304) 466-1224
TELEPHONE (304) 772-3085
TELEFAX (304) 466-4294

18 WEST MAIN STREET
WHITE SULPHUR SPGS., WV 24986
TELEPHONE (304) 536-1691
TELEPHONE (304) 772-3080
TELEFAX (304) 536-3390

July 24, 1995

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

Jackson & Kelly
P.O. Box 553
Charleston, WV 25322

Goodwin & Goodwin
P.O. Box 2107
Charleston, WV 25328

Re: \$156,705 Town of Sophia, West Virginia, Sewer Revenue Bonds,
Series 1995

Gentlemen:

I am counsel for the Town of Sophia, West Virginia (the "Town"). I have reviewed various documents relating to the above-captioned bond of the Town (the "Bond"), the Loan Agreement by and between the West Virginia Water Development Authority (the "Authority") and the Town, dated July 24, 1995, and an Ordinance duly enacted and adopted by the Council of the Town (the "Council") and effective on July 20, 1995 (the "Ordinance"), and other documents relating to the Bond. Terms used in this opinion and not otherwise defined herein shall have the same meanings as contained in the Loan Agreement and the Ordinance.

I am of the opinion that:

1. The Town is a duly organized and presently existing municipal corporation, with full power and authority to construct the Project and to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Bond, all under the Ordinance and other applicable provisions of law.

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

3. The members of the Council were duly and properly elected or appointed and are thereby authorized to act on behalf of the Town.

4. The Ordinance has been duly enacted by the Council and is in full force and effect.

5. The Town has obtained all requisite orders of and approvals from the Public Service Commission of West Virginia (the "Commission") necessary for the issuance of the Bond and construction of the Project, including a Certificate of Public Convenience and Necessity from the Commission which is in full force and effect, and the Town has taken any and all other action required in connection with the Project and the appeal period from such orders has expired.

6. The execution and delivery of the Bond and the Loan Agreement and the consummation of the transactions contemplated by the Ordinance and the Loan Agreement and the carrying out of the terms thereof do not and will not in any material respect conflict with or constitute on the part of the Town a breach of or default under any agreement or other instrument to which the Town is a party or any existing law, regulation, court order or consent decree to which the Town is subject.

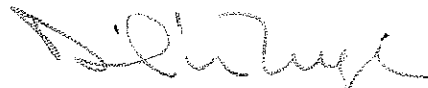
7. The Town has received all necessary rights of way, permits, licenses, approvals and authorizations that are presently obtainable to construct the Project.

8. The Town adopted a Rate Ordinance on October 21, 1993, whereby rates and charges for use of the Town's sewer facilities were established to meet the operation and maintenance costs of the System and the debt service on the Bond, which rates will take effect upon completion of the Project. Under the terms of the Act, the Town has full authority to establish rates for the System and to pledge the revenues from said rates to the payment of the Bond.

9. 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 Bond or the collection or pledge of the revenues.

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

Very truly yours,

A handwritten signature in cursive script, appearing to read "D. L. Ziegler", written in dark ink.

David L. Ziegler

WV MUNICIPAL BOND COMMISSION812 Quarrier Street,
Suite 300

Charleston, WV 25301

(304) 558-3971

NEW ISSUE REPORT FORMDate of Report: July 24, 1995
(See Reverse for Instructions)ISSUE: \$156,705 Town of Sophia, West Virginia
Sewer Revenue Bonds, Series 1995

ADDRESS: P.O. Box 700

Sophia, WV 25921 COUNTY: Raleigh

PURPOSE: New Money ☒OF ISSUE: Refunding ☐ Refunds issue(s) dated:

ISSUE DATE: July 24, 1995

CLOSING DATE: July 24, 1995

ISSUE AMOUNT: \$156,705

RATE: 6.75 %

1st DEBT SERVICE DUE: Oct. 1, 1995 1st PRINCIPAL DUE: Oct. 1, 1996

1st DEBT SERVICE AMOUNT: \$1,968.61 PAYING AGENT: Municipal
Bond CommissionBOND COUNSEL: Goodwin & Goodwin
Contact Person: W. K. Bragg, Jr.
Phone: (304) 346-7000**LENDER'S**COUNSEL: Jackson & Kelly
Contact Person: Samme L. Gee
Phone: 340-1318LENDER: WV Water Dev. Authority
Contact Person: Daniel N. Yonkosky
Phone: 558-3612REGISTRAR: The City National
Bank of Charleston
Contact Person: Charles Jarrell
Phone: 926-3339**KNOWLEDGEABLE ISSUER CONTACT:**Contact Person: Calvin Moran
Position: Mayor
Phone: 683-4456**DEPOSITS TO MBC AT CLOSE:**

	☐	Accrued Interest:	\$	
	☒	Capitalized Interest:	\$	15,866
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:	\$	
	☐	Other:	\$	

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE TOWN OF SOPHIA
SEWER REVENUE BONDS, SERIES 1995

No. R-1

\$156,705.00

Date: July 24, 1995

SPECIMEN

KNOW ALL MEN BY THESE PRESENTS: That the TOWN OF SOPHIA, WEST VIRGINIA, a municipal corporation and political subdivision of the State of West Virginia in Raleigh County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of One Hundred Fifty-Six Thousand Seven Hundred Five and 00/100 Dollars (\$156,705.00) in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1995. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The City National Bank of Charleston, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated July 24, 1995.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Bonds (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; and (iii) to pay certain costs of issuance hereof and related costs. The existing sewerage system of the Issuer, the Project, and any future additions, betterments or improvements thereto, is herein called the "System". This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance duly enacted on July 20, 1995 (the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

SPECIMEN

THIS BOND IS PAYABLE ONLY FROM AND SECURED BY A PLEDGE OF THE NET REVENUES (AS DEFINED IN THE BOND LEGISLATION) TO BE DERIVED FROM THE OPERATION OF THE SYSTEM, AND FROM MONEYS IN THE RESERVE ACCOUNT CREATED UNDER THE BOND LEGISLATION FOR THE BONDS (THE "SERIES 1995 BONDS RESERVE ACCOUNT"), AND UNEXPENDED PROCEEDS OF THE BONDS. SUCH NET REVENUES SHALL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON ALL BONDS WHICH MAY BE ISSUED PURSUANT TO THE ACT AND WHICH SHALL BE SET ASIDE AS A SPECIAL FUND HEREBY PLEDGED FOR SUCH PURPOSE. THIS BOND DOES NOT CONSTITUTE A CORPORATE INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS OR LIMITATIONS, NOR SHALL THE ISSUER BE OBLIGATED TO PAY THE SAME OR THE INTEREST THEREON EXCEPT FROM SAID SPECIAL FUND PROVIDED FROM THE NET REVENUES, THE MONEYS IN THE SERIES 1995 BONDS RESERVE ACCOUNT AND UNEXPENDED BOND PROCEEDS. PURSUANT TO THE BOND LEGISLATION, THE ISSUER HAS COVENANTED AND AGREED TO ESTABLISH AND MAINTAIN JUST AND EQUITABLE RATES AND CHARGES FOR THE USE OF THE SYSTEM AND THE SERVICES RENDERED THEREBY, WHICH SHALL BE SUFFICIENT, TOGETHER WITH OTHER REVENUES OF THE SYSTEM, TO PROVIDE FOR THE REASONABLE EXPENSES OF OPERATION, REPAIR AND MAINTENANCE OF THE SYSTEM, AND TO LEAVE A BALANCE EACH YEAR EQUAL TO AT LEAST 115% OF THE AMOUNT REQUIRED TO PAY THE MAXIMUM AMOUNT DUE IN ANY YEAR OF PRINCIPAL OF AND INTEREST ON THE SERIES 1995 BONDS AND ALL OTHER OBLIGATIONS SECURED BY OR PAYABLE FROM SUCH REVENUES PRIOR TO OR ON A PARITY WITH THIS BOND OR, IF THE RESERVE ACCOUNT FOR THE BOND IS FUNDED (WHETHER BY PROCEEDS OF THE BOND, MONTHLY DEPOSITS OR OTHERWISE) AT AN AMOUNT AT LEAST EQUAL TO THE MAXIMUM AMOUNT OF PRINCIPAL AND INTEREST WHICH WILL BECOME DUE ON THE SERIES 1995 BONDS IN ANY FISCAL YEAR, AND ANY RESERVE ACCOUNT FOR SUCH PRIOR OR PARITY OBLIGATIONS IS FUNDED AT LEAST AT THE REQUIREMENT THEREFOR, EQUAL TO AT LEAST 110% OF THE AMOUNT REQUIRED IN ANY FISCAL YEAR FOR DEBT SERVICE ON THE SERIES 1995 BONDS AND ANY SUCH PRIOR OR PARITY OBLIGATIONS. THE ISSUER HAS ENTERED INTO CERTAIN FURTHER COVENANTS WITH THE REGISTERED OWNER OF THE SERIES 1995 BONDS FOR THE TERMS OF WHICH REFERENCE IS MADE TO THE BOND LEGISLATION. REMEDIES PROVIDED THE REGISTERED OWNER OF THE SERIES 1995 BONDS IS EXCLUSIVELY AS PROVIDED IN THE BOND LEGISLATION, TO WHICH REFERENCE IS HERE MADE FOR A DETAILED DESCRIPTION THEREOF.

SUBJECT TO THE REGISTRATION REQUIREMENTS SET FORTH HEREIN, THIS BOND IS TRANSFERABLE, AS PROVIDED IN THE BOND LEGISLATION, ONLY UPON THE BOOKS OF THE REGISTRAR BY THE REGISTERED OWNER, OR BY ITS ATTORNEY DULY AUTHORIZED IN WRITING, UPON THE SURRENDER OF THIS BOND TOGETHER WITH A WRITTEN INSTRUMENT OF TRANSFER SATISFACTORY TO THE REGISTRAR DULY EXECUTED BY THE REGISTERED OWNER OR ITS ATTORNEY DULY AUTHORIZED IN WRITING.

SUBJECT TO THE REGISTRATION REQUIREMENTS SET FORTH HEREIN, THIS BOND, UNDER THE PROVISION OF THE ACT IS, AND HAS ALL THE QUALITIES AND INCIDENTS OF, A NEGOTIABLE INSTRUMENT UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE OF WEST VIRGINIA.

ALL MONEY RECEIVED FROM THE SALE OF THIS BOND, AFTER REIMBURSEMENT AND REPAYMENT OF ALL AMOUNTS ADVANCED FOR PRELIMINARY EXPENSES AS PROVIDED BY LAW AND THE BOND LEGISLATION, SHALL BE APPLIED SOLELY TO THE PAYMENT OF THE COSTS OF THE PROJECT DESCRIBED IN THE BOND LEGISLATION, AND THERE SHALL BE AND HEREBY AS CREATED AND GRANTED A LIEN UPON SUCH MONEYS, UNTIL SO APPLIED, IN FAVOR OF THE REGISTERED OWNER OF THIS BOND.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED THAT ALL ACTS, CONDITIONS AND THINGS REQUIRED TO EXIST, HAPPEN AND BE PERFORMED PRECEDENT TO AND IN THE ISSUANCE OF THIS BOND HAVE EXISTED, HAVE HAPPENED, AND HAVE BEEN PERFORMED IN DUE TIME, FORM AND MANNER AS REQUIRED BY LAW, AND THAT THE AMOUNT OF THIS BOND, TOGETHER WITH ALL OTHER OBLIGATIONS OF THE ISSUER, DOES NOT EXCEED ANY LIMIT PRESCRIBED BY THE CONSTITUTION OR STATUTES OF THE STATE OF WEST VIRGINIA AND THAT A SUFFICIENT AMOUNT OF THE REVENUES OF THE SYSTEM HAS BEEN PLEDGED TO AND WILL BE SET ASIDE INTO SAID SPECIAL FUND BY THE ISSUER FOR THE PROMPT PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS BOND.

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

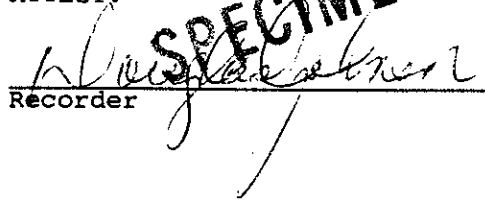
IN WITNESS WHEREOF, the TOWN OF SOPHIA has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its Recorder, and has caused this Bond to be dated July 24, 1995.

TOWN OF SOPHIA, WEST VIRGINIA

By 
Mayor

[SEAL]

ATTEST:


Recorder

(Form of)

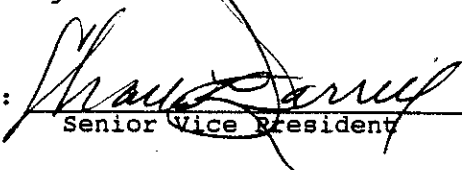
CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is the Series 1995 Bond described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: July 24, 1995

SPECIMEN
THE CITY NATIONAL BANK OF CHARLESTON,
as Registrar

By:


Senior Vice President

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY 1994 SERIES A LOCAL LOAN PROGRAM

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia
\$156,705

Dated Date 7/24/1995
Delivery Date 7/24/1995

SPECIMEN

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Jul 24, 1995	-	-	-	-	-
Oct 1, 1995	-	-	1,968.61	1,968.61	1,968.61
Apr 1, 1996	-	-	5,288.79	5,288.79	-
Oct 1, 1996	965.00	6.750%	5,288.79	6,253.79	11,542.58
Apr 1, 1997	-	-	5,256.23	5,256.23	-
Oct 1, 1997	1,030.00	6.750%	5,256.23	6,286.23	11,542.46
Apr 1, 1998	-	-	5,221.46	5,221.46	-
Oct 1, 1998	1,099.00	6.750%	5,221.46	6,320.46	11,541.92
Apr 1, 1999	-	-	5,184.37	5,184.37	-
Oct 1, 1999	1,173.00	6.750%	5,184.37	6,357.37	11,541.74
Apr 1, 2000	-	-	5,144.78	5,144.78	-
Oct 1, 2000	1,253.00	6.750%	5,144.78	6,397.78	11,542.56
Apr 1, 2001	-	-	5,102.49	5,102.49	-
Oct 1, 2001	1,337.00	6.750%	5,102.49	6,439.49	11,541.98
Apr 1, 2002	-	-	5,057.37	5,057.37	-
Oct 1, 2002	1,427.00	6.750%	5,057.37	6,484.37	11,541.74
Apr 1, 2003	-	-	5,009.21	5,009.21	-
Oct 1, 2003	1,524.00	6.750%	5,009.21	6,533.21	11,542.42
Apr 1, 2004	-	-	4,957.77	4,957.77	-
Oct 1, 2004	1,626.00	6.750%	4,957.77	6,583.77	11,541.54
Apr 1, 2005	-	-	4,902.90	4,902.90	-
Oct 1, 2005	1,736.00	6.750%	4,902.90	6,638.90	11,541.80
Apr 1, 2006	-	-	4,844.31	4,844.31	-
Oct 1, 2006	1,853.00	6.750%	4,844.31	6,697.31	11,541.62
Apr 1, 2007	-	-	4,781.77	4,781.77	-
Oct 1, 2007	1,979.00	6.750%	4,781.77	6,760.77	11,542.54
Apr 1, 2008	-	-	4,714.98	4,714.98	-
Oct 1, 2008	2,112.00	6.750%	4,714.98	6,826.98	11,541.96
Apr 1, 2009	-	-	4,643.70	4,643.70	-
Oct 1, 2009	2,255.00	6.750%	4,643.70	6,898.70	11,542.40
Apr 1, 2010	-	-	4,567.59	4,567.59	-
Oct 1, 2010	2,407.00	6.750%	4,567.59	6,974.59	11,542.18
Apr 1, 2011	-	-	4,486.35	4,486.35	-
Oct 1, 2011	2,569.00	6.750%	4,486.35	7,055.35	11,541.70
Apr 1, 2012	-	-	4,399.65	4,399.65	-
Oct 1, 2012	2,743.00	6.750%	4,399.65	7,142.65	11,542.30
Apr 1, 2013	-	-	4,307.07	4,307.07	-
Oct 1, 2013	2,928.00	6.750%	4,307.07	7,235.07	11,542.14
Apr 1, 2014	-	-	4,208.25	4,208.25	-
Oct 1, 2014	3,126.00	6.750%	4,208.25	7,334.25	11,542.50
Apr 1, 2015	-	-	4,102.75	4,102.75	-
Oct 1, 2015	3,337.00	6.750%	4,102.75	7,439.75	11,542.50
Apr 1, 2016	-	-	3,990.13	3,990.13	-
Oct 1, 2016	3,562.00	6.750%	3,990.13	7,552.13	11,542.26
Apr 1, 2017	-	-	3,869.91	3,869.91	-
Oct 1, 2017	3,802.00	6.750%	3,869.91	7,671.91	11,541.82
Apr 1, 2018	-	-	3,741.59	3,741.59	-
Oct 1, 2018	4,059.00	6.750%	3,741.59	7,800.59	11,542.18
Apr 1, 2019	-	-	3,604.60	3,604.60	-
Oct 1, 2019	4,333.00	6.750%	3,604.60	7,937.60	11,542.20
Apr 1, 2020	-	-	3,458.36	3,458.36	-
Oct 1, 2020	4,625.00	6.750%	3,458.36	8,083.36	11,541.72

BOND DEBT SERVICE

West Virginia Water Development Authority
Town of Sophia

SPECIMEN

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
Apr 1, 2021	-	-	3,302.27	3,302.27	-
Oct 1, 2021	4,937.00	6.750%	3,302.27	8,239.27	11,541.54
Apr 1, 2022	-	-	3,135.65	3,135.65	-
Oct 1, 2022	5,271.00	6.750%	3,135.65	8,406.65	11,542.30
Apr 1, 2023	-	-	2,957.75	2,957.75	-
Oct 1, 2023	5,627.00	6.750%	2,957.75	8,584.75	11,542.50
Apr 1, 2024	-	-	2,767.84	2,767.84	-
Oct 1, 2024	6,006.00	6.750%	2,767.84	8,773.84	11,541.68
Apr 1, 2025	-	-	2,565.14	2,565.14	-
Oct 1, 2025	6,412.00	6.750%	2,565.14	8,977.14	11,542.28
Apr 1, 2026	-	-	2,348.73	2,348.73	-
Oct 1, 2026	6,844.00	6.750%	2,348.73	9,192.73	11,541.46
Apr 1, 2027	-	-	2,117.75	2,117.75	-
Oct 1, 2027	7,306.00	6.750%	2,117.75	9,423.75	11,541.50
Apr 1, 2028	-	-	1,871.17	1,871.17	-
Oct 1, 2028	7,800.00	6.750%	1,871.17	9,671.17	11,542.34
Apr 1, 2029	-	-	1,607.92	1,607.92	-
Oct 1, 2029	8,326.00	6.750%	1,607.92	9,933.92	11,541.84
Apr 1, 2030	-	-	1,326.92	1,326.92	-
Oct 1, 2030	8,888.00	6.750%	1,326.92	10,214.92	11,541.84
Apr 1, 2031	-	-	1,026.95	1,026.95	-
Oct 1, 2031	9,488.00	6.750%	1,026.95	10,514.95	11,541.90
Apr 1, 2032	-	-	706.73	706.73	-
Oct 1, 2032	10,128.00	6.750%	706.73	10,834.73	11,541.46
Apr 1, 2033	-	-	364.91	364.91	-
Oct 1, 2033	10,812.00	6.750%	364.91	11,176.91	11,541.82
	156,705.00		283,860.83	440,565.83	440,565.83

(Form of)

ASSIGNMENT

SPECIMEN

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

Dated: _____, _____.

In the presence of:
