THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. Bond Purchase Agreement
4. Public Service Commission Orders
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2013 A Bonds
9. Specimen Series 2013 B Bonds

OPINIONS OF COUNSEL

10. Approving Opinion on Series 2013 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
11. Opinion of Counsel to Issuer
12. Title Opinion

CERTIFICATES

13. General Certificate of Issuer and Attorney
14. Certificate of Engineer, with Schedule B Attached

15. Certificate of Certified Public Accountant

16. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

17. Charter and Rules of Procedure

18. Oaths of Office of Officers and Board of Directors

19. Ordinance Creating Sanitary Board

20. Petition of Sanitary Board and SRF Authorizing Resolution

21. A. Sewer Rate Ordinance

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

    C. Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

23. Minutes on Adoption and Enactment of Bond Ordinance, Supplemental Resolution, First Draw Resolution and Sweep Resolution

24. Municipal Bond Commission New Issue Reports
    A. Series 2013 A Bonds
    B. Series 2013 B Bonds

MISCELLANEOUS DOCUMENTS

25. Acceptance of Appointment as Depository Bank

26. Acceptance of Duties as Registrar

27. Certificate of Registration of Bonds

28. Registrar's Agreement

29. Approval of Plans & Specifications and NPDES Permit

30. Evidence of Insurance

31. Consent of WDA

32. Closing Memorandum

33. Sweep Resolution

34. Prior Ordinances
    A. Series 1995
    B. Series 1998
    C. Series 2000
    D. Series 2004
    E. Series 2010 B

THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2013 A
(WEST VIRGINIA SRF PROGRAM); AND
SEWER REVENUE BONDS, SERIES 2013 B
(WEST VIRGINIA SRF PROGRAM/GREEN)

BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Ordinance.
Section 1.02 Findings
Section 1.03 Bond Legislation Constitutes Contract.
Section 1.04 Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01 Authorization of Bonds
Section 3.02 Terms of Bonds
Section 3.03 Execution of Bonds
Section 3.04 Authentication and Registration
Section 3.05 Negotiability, Transfer and Registration
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost.
Section 3.07 Bonds not to be Indebtedness of the Issuer
Section 3.08 Series 2013 A Bonds Secured by Pledge of Net Revenues
Section 3.09 Delivery of Bonds.
Section 3.10 Form of Bonds
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement
Section 3.12 "Amended Schedule" Filing

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Series 2013 Bonds Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Series 2013 A Bonds Secured by Pledge of Net Revenues
Section 7.04 Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report.
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Mandatory Connections
Section 7.17 Completion and Operation of Project; Permits and Orders
Section 7.18 Compliance with Bond Purchase Agreement and Law
Section 7.19 [RESERVED]
Section 7.20 Securities Laws Compliance
Section 7.21 Contracts; Change Orders; Public Releases
Section 7.22 Statutory Mortgage Lien

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation.
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Conflicting Provisions Repealed.
Section 11.06 Covenant of Due Procedure, Etc.
Section 11.07 Statutory Notice and Public Hearing
Section 11.08 Effective Date
SIGNATURES
CERTIFICATION

THE CITY OF BLUEFIELD

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN)PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE 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 BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Bluefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions, betterments and improvements to its existing public sewerage system, consisting of improvements to the existing collection and treatment system including construction of upgrades to its wastewater treatment facility in Ada, West Virginia and to its eight pump stations in Mercer County and all necessary appurtenances (collectively, the "Project") (the

Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Clerk of the Issuer.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $1,950,000 in two or more series, initially planned to be the (i) Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the total aggregate principal amount of not more than $1,600,000 (the "Series 2013 A Bonds"); and (ii) Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), in the total aggregate principal amount of not more than $350,000 (the "Series 2013 B Bonds"), (collectively, the "Series 2013 Bonds"), to permanently finance the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefore and eligible under the SRF Program; amounts which may be deposited in the Series 2013 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereafter 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 2013 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2013 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

D. The period of usefulness of the System after completion of the Project is not less than 32 years.

E. It is in the best interests of the Issuer that its Series 2013 Bonds be sold to the Authority pursuant to the terms and provisions of a Bond Purchase Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "Bond Purchase Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

F. The Issuer will have the following Outstanding obligations which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"); (ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"); (iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds"); (iv) Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000 (the "Series 2004 Bonds"); and (v) Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

The Series 2013 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 1998 A Bonds, Series 2000 A Bonds and Series 2010 B Bonds, to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. The Series 2004 Bonds do not require consent to issue the Series 2013 Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

G. 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 costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2013 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by Final Order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2013 Bonds or such Final Order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2013 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2013 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 2013 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, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2013 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2013 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2013 Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"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.

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2013 Bonds for all or a portion of the proceeds of the Series 2013 Bonds from the Authority and the DEP.

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

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

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

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

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

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

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

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

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

"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 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The City of Bluefield, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2013 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2013 A Bonds Reserve Account.

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

"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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

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

"Prior Bonds" means the Series 1995 Bonds, Series 1998 A Bonds, Series 2000 A Bonds, Series 2004 Bonds and Series 2010 B Bonds.

"Prior Ordinances" means the ordinances authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

payments from Government Obligations or interest coupons stripped from Government Obligations;

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 therefore; 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Prior Ordinances and continued hereby.

"Reserve Accounts" means, collectively, the reserve account established by Section 5.02 hereof for the Series 2013 A Bonds and the reserve accounts established for the Prior Bonds pursuant to the Prior Ordinances.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account pursuant to this Ordinance and the Prior Ordinances.

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

"Series 1995 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000.

"Series 1998 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645.

"Series 2000 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000.

"Series 2004 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000.

"Series 2010 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295.

"Series 2013 A Bonds" means the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2013 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2013 A Bonds in the then current or any succeeding year.

"Series 2013 A Bonds Sinking Fund" means the Series 2013 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2013 B Bonds" means the Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, authorized by this Bond Legislation.

"Series 2013 Bonds Construction Trust Fund" means the Series 2013 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2013 A Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2013 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2013 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligation of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost not to exceed $1,950,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2013 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The Cost of the Project is estimated not to exceed $1,950,000, of which approximately $1,600,000 will be obtained from the proceeds of the Series 2013 A Bonds, and approximately $350,000 will be obtained from the proceeds of the Series 2013 B Bonds.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2013 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2013 Bonds of the Issuer. The Series 2013 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program)", in the principal amount of not more than $1,600,000, and "Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green)," in the principal amount of not more than $350,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2013 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2013 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. A. The Series 2013 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal

maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2013 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2013 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2013 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2013 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

B. The Series 2013 B Bonds shall be issued in such principal amount and shall not bear interest. The principal amounts advanced under the Series 2013 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2013 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

Unless otherwise provided by the Supplemental Resolution, the Series 2013 B Bonds shall initially be issued as one series, fully registered to the Authority, with a record of advances attached, representing the aggregate principal amount of the Series 2013 B Bonds. The Series 2013 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2013 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 Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2013 Bonds shall cease to be such officer of the Issuer before the Series 2013 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to

hold such office. Any Series 2013 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2013 Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2013 Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2013 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide Holder for value.

So long as the Series 2013 Bonds remain Outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2013 Bonds.

The registered Series 2013 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 or transferring the registered Series 2013 Bonds are exercised, all Series 2013 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2013 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2013 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2013 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2013 Bonds or, in the case of any proposed redemption of Series 2013 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 Series 2013 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but such Series 2013 A Bonds shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2013 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 Bonds or the interest, if any, thereon.

Section 3.08. Series 2013 A Bonds Secured by Pledge of Net Revenues. A. The payment of the debt service on the Series 2013 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System on a parity with the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

B. The principal amounts of the Series 2013 B Bonds advanced will be deemed forgiven on the 30th day of June of the Fiscal Year in which advanced. The Series 2013 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven. The Series 2013 B Bonds are not secured by the Net Revenues or Gross Revenues of the System.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2013 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2013 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2013 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2013 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the Bond Purchase Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2013 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2013 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2013, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee of _____% (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 20___, as set forth on EXHIBIT B attached hereto.

This Bond shall bear interest at the rate of _____%. 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2013.

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

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S:

(I) SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS");

(II) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS");

(III) SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS");

(IV) SEWER REFUNDING REVENUE BONDS, SERIES 2004, DATED DECEMBER 1, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,175,000 (THE "SERIES 2004 BONDS"); AND

(V) SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,883,295, (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for

principal of and interest, if any, on the Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior and subordinate, to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 payment of the Costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest, if any, on of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(21)	$	
(2)	$		(22)	$	
(3)	$		(23)	$	
(4)	$		(24)	$	
(5)	$		(25)	$	
(6)	$		(26)	$	
(7)	$		(27)	$	
(8)	$		(28)	$	
(9)	$		(29)	$	
(10)	$		(30)	$	
(11)	$		(31)	$	
(12)	$		(32)	$	
(13)	$		(33)	$	
(14)	$		(34)	$	
(15)	$		(35)	$	
(16)	$		(36)	$	
(17)	$		(37)	$	
(18)	$		(38)	$	
(19)	$		(39)	$	
(20)	$		(40)	$	

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2013 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2013 B
(WEST VIRGINIA SRF PROGRAM/GREEN)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2013, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ _____DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2013 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2013 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2013 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2013.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS FORGIVABLE AND HAS NO LIEN ON THE NET REVENUES OR GROSS REVENUES OF THE SYSTEM.

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 (as defined in the Bond Legislation) 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 payment of the Costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: _____, 2013.

THE HUNTINGTON NATIONAL BANK
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Bond Purchase Agreement. The Series 2013 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Bond Purchase Agreement, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by Prior Ordinances);

(2) Renewal and Replacement Fund (established by Prior Ordinances); and

(3) Series 2013 Bonds Construction Trust Fund.

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

(1) Series 1995 Bonds Sinking Fund (established by Prior Ordinances);

(2) Series 1995 Bonds Reserve Account (established by Prior Ordinances);

(3) Series 1998 A Bonds Sinking Fund (established by Prior Ordinances);

(4) Series 1998 A Bonds Reserve Account (established by Prior Ordinances);

(5) Series 2000 A Bonds Sinking Fund (established by Prior Ordinances);

(6) Series 2000 A Bonds Reserve Account (established by Prior Ordinances);

(7) Series 2004 Bonds Sinking Fund (established by Prior Ordinances);

(8) Series 2004 Bonds Reserve Account (established by Prior Ordinances);

(9) Series 2013 A Bonds Sinking Fund; and

(10) Series 2013 A Bonds Reserve Account.

No accounts are set up at the Commission for the Series 2013 B Bonds, as they are forgivable.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission (i) the amount required by Prior Ordinances to pay interest on the Series 2004 Bonds; and (ii) commencing 4 months prior to the first date of payment of interest on the Series 2013 A Bonds, for which interest has not been capitalized or as required in the Bond Purchase Agreement, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2013 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinances to pay principal on the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2013 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2013 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next

quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) the amounts required by Prior Ordinances to be deposited in the respective Reserve Accounts for the Prior Bonds; and (ii) commencing 4 months prior to the first date of payment of principal of the Series 2013 A Bonds, if not fully funded upon issuance of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2013 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund, an amount equal to 2 ½ % of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds 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 Series 2013 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2013 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2013 A Bonds Reserve Account which result in a reduction in the balance of the Series 2013 A Bonds Reserve Account to below the Series 2013 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above.

As and when additional Bonds ranking on a parity with the Series 2013 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund or into the Series 2013 A Bonds Reserve Account therein when the aggregate

amount of funds therein are at least equal to the aggregate principal amount of the Series 2013 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account created hereunder, and all required amounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, if any, principal and reserve account payments with respect to the Series 2013 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the Bond Purchase Agreement for the Series 2013 A Bonds.

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

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

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

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

curing deficiencies in the funds and accounts herein shall be in the same order as payments are to be made pursuant to this Section 5.03, and the Net Revenues shall be applied to such deficiencies on a parity and pro rata with respect to the Series 2013 A Bonds and the Prior Bonds all in accordance with the respective principal amounts Outstanding before being applied to any other payments hereunder.

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

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

I. All Tap Fees shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2013 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2013 A Bonds, there shall first be deposited with the Commission in the Series 2013 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2013 A Bonds, there shall be deposited with the Commission in the Series 2013 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2013 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2013 A Bonds, such monies shall be deposited with the Depository Bank in the 2013 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2013 A Bonds.

D. As the Issuer receives advances of monies derived from the sale of the Series 2013 B Bonds, such monies shall be deposited with the Depository Bank in the 2013 Bonds Construction Trust Fund and applied solely to payment of the Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2013 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2013 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements From the Series 2013 Bonds Construction Trust Fund On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report

listing the specific purposes for which the proceeds of the Series 2013 Bonds will be expended and the disbursement procedures of such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2013 Bonds Construction Trust Fund will be sought must first be approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2013 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the Bond Purchase Agreement, in compliance with the construction schedule.

Pending such application, monies in the Series 2013 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2013 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2013 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2013 Bonds shall not be nor constitute a corporate 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 Series 2013 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2013 Bonds or the interest, if any, thereon.

Section 7.03. Series 2013 A Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2013 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2013 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement and the Issuer shall supply a certificate of Certified Public Accountant to such effect. The initial schedule of rates and charges for the services and

facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer adopted March 27, 2012 which rates are incorporated herein by reference as a part hereof.

So long as the Series 2013 Bonds are Outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2013 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement, the Issuer 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 and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are Outstanding, the Issuer shall not sell, lease, mortgage or in any manner dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority.

So long as the Series 2013 Bonds are Outstanding and except as otherwise required by 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 fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2013 Bonds, immediately be remitted to the Commission for deposit in the Series 2013 A Bonds Sinking Fund, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2013 A Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and the interest, if any, 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 duly adopted, 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 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund for the repayment of the Bonds. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such 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 the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2013 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2013 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 2013 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2013 A Bonds, and the interest, if any, thereon, upon any of the income and revenues of the System pledged for payment of the Series 2013 A Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no additional Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2013 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 Bonds.

No such additional Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, or to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

So long as the Series 2013 A Bonds or Prior Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk a

written statement by the Independent Certified Public Accountants 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 additional 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, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any additional Parity Bonds theretofore issued pursuant to the provisions contained in the Prior Ordinances and this Bond Legislation then Outstanding; and

(3) The additional 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 the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk 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 Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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 Net Revenues of the System and their source of and security for payment from said Net 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.

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 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Bonds.

No Parity Bonds shall be issued at any time, however, unless all of 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 the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2013 Bonds, and shall mail in each year to any Holder or Holders of the Series 2013 Bonds, requesting the same, an annual report containing the following:

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

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

(C) The amount of any Bonds, notes or other obligations 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2013 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2013 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Bond Purchase Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Bond Purchase Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in the Bond Purchase Agreement for the Series 2013 Bonds or any Exhibit thereto or as promulgated from time to time.

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

Section 7.09. Rates. Prior to the issuance of the Series 2013 Bonds, 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 Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created 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 to meet the coverage requirements set forth in the Prior Ordinances so long as the Prior Bonds are Outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2013 A Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on

deposit respectively in the Series 2013 A Bonds Reserve Account and any Reserve Accounts for obligations on a parity with the Series 2013 A Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2013 A Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and the Authority within 30 days of adoption thereof. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Bond Purchase Agreement, and forward a copy of such report to the DEP and the Authority by the 20th day of each month.

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

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Bond Purchase Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer shall serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer shall not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Authority. Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2013 Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the 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 the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Bond Purchase 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, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers' compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2013 Bonds required by State law, with all appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the Public Service Commission of West Virginia.

Section 7.19. [RESERVED]

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2013 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2013 Bonds held in "contingency" as set forth in the Schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2013 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the

Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2013 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2013 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2013 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2013 Bonds as a condition to issuance of the Series 2013 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2013 Bonds as may be necessary in order to maintain the status of the Series 2013 Bonds as governmental bonds; (ii) that

it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2013 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2013 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2013 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2013 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2013 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2013 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

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

and remedies of the Holders of the Series 2013 A Bonds shall be on a parity with those Holders of the Prior Bonds.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Series 2013 A Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2013 A Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2013 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2013 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2013 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2013 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2013 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2013 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2013 Bonds from gross income of the Holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2013 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2013 Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the *Bluefield Daily Telegraph,* a newspaper published and of general circulation in The City of Bluefield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2013 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

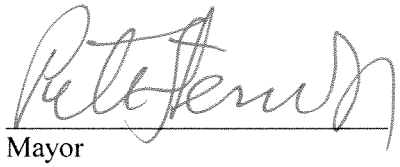
[Remainder of Page Intentionally Blank]

Section 11.08. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Passed on First Reading: April 9, 2013

Passed on Second Reading: April 23, 2013

Passed on Final Reading
Following Public Hearing: May 14, 2013



Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Board of Directors of THE CITY OF BLUEFIELD on the 14th day of May, 2013.

Dated: June 27, 2013

[SEAL]

Bobbie Kersey
Clerk

079810.00008

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN) OF THE CITY OF BLUEFIELD; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the City Board of Directors (the "Governing Body") of The City of Bluefield (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective May 14, 2013 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND

PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $1,600,000 (the "Series 2013 A Bonds") and Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, in an aggregate principal amount not to exceed $350,000 (the "Series 2013 B Bonds"), (collectively, the "Series 2013 Bonds").

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the Bond Purchase Agreement relating to the Series 2013 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the Bond Purchase Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2013 Bonds should be established by a supplemental resolution pertaining to the Series 2013 Bonds; and that other matters relating to the Series 2013 Bonds be herein provided for;

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

WHEREAS, the Series 2013 Bonds are proposed to be purchased by the Authority pursuant to the Bond Purchase Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Bond Purchase Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Series 2013 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2013 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF BLUEFIELD:

Section 1. A. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the original aggregate principal amount of $1,358,924. The Series 2013 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2044 and shall bear interest at the rate of 0.5%. The principal and interest of the Series 2013 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014 to and including June 1, 2044 and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2013 A Bonds. The Series 2013 A Bonds

shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the Registered Owner of the Series 2013 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 0.5% of the principal amount of the Series 2013 A Bonds set forth in "Schedule Y" attached to the Bond Purchase Agreement.

B. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $229,550. The Series 2013 B Bonds shall be dated the date of delivery thereof and shall bear no interest. The principal amounts advanced under the Series 2013 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2013 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven. The Series 2013 B Bonds may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the DEP, and otherwise in compliance with, the Bond Purchase Agreement. The Series 2013 B Bonds are not subject to the SRF Administrative Fee.

Section 2. All other provisions relating to the Series 2013 Bonds and the text of the Series 2013 Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Bond Purchase Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Bond Purchase Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Bond Purchase Agreement and in the applications to the DEP and the Authority. The price of the Series 2013 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2013 Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2013 Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2013 Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2013 A Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate First Century Bank, Princeton, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2013 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2013 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2013 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2013 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2013 A Bonds shall be deposited in or credited to the Series 2013 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the Costs of the Project, including, without limitation, costs of issuance of the Series 2013 A Bonds and related costs.

Section 10. The proceeds of the Series 2013 B Bonds shall be deposited in or credited to the Series 2013 Bonds Construction Trust Fund as received from the DEP from time to time for payment of the Costs of the Project, including, without limitation, costs of issuance of the Series 2013 B Bonds and related costs.

Section 11. The Mayor and the Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2013 Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2013 Bonds may be delivered on or about June 27, 2013, to the Authority pursuant to the Bond Purchase Agreement.

Section 12. The Sanitary Board of the Issuer is hereby authorized to approve invoices and requests for payment of the Project.

Section 13. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2013 Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 14. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 11th day of June, 2013.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Board of Directors of The City of Bluefield on the 11th day of June, 2013.

Dated: June 27, 2013

[SEAL]

Bobbi Kinsey
Clerk

079810.000008

SRF-BPA-1
(09/12)

BOND PURCHASE AGREEMENT

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

CITY OF BLUEFIELD
(2011S-1270/C-544493)
(Local Government)

W I T N E S S E T H:

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

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to acquire bonds of particular local governments pursuant to the Clean Water Act;

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

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

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to utilize moneys from the Fund to purchase the bonds of local governments to provide the financing for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act and the Act;

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

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

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

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

WHEREAS, the Local Government has completed and filed with the Authority and DEP an Application for Purchase of Bonds with attachments and exhibits and an Amended Application for Purchase of Bonds also with attachments and exhibits (together, as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference;

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program; and

WHEREAS, the Local Government meets the "disadvantaged community" provisions of the SRF Regulations.

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

ARTICLE I

Definitions

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

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

1.3 "Decentralized System" means wastewater treatment systems that treat wastewater, then reusing and/or dispersing the reclaimed water, as close to where it is generated as practical in each circumstance. A Decentralized System may include: on-site systems contained entirely within the simple boundaries of the lot it serves; small-scale collective systems, with their reuse/dispersal sites on easements on the lots served, on vacant lots purchased for this purpose, on off-site properties, or a combination of these; larger scale collective systems utilizing dispersed or aggregated reuse/dispersal sites or discharging to surface water.

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

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

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

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

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

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

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

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

1.12 Additional terms and phrases are defined in this Bond Purchase Agreement as they are used.

ARTICLE II

The Project and the System

2.1 The Project shall generally consist of the construction and acquisition of the facilities described in the Application, to be, being or having been constructed in accordance with plans, specifications and designs prepared for the Local Government by the Consulting Engineers, the DEP and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

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

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

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

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

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

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

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final or updated Operation and Maintenance Manual, if necessary as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ a state certified plant operator prior to the Project being 50% complete and notify the DEP of such employment. The Local Government shall retain the operator(s) to operate the System during the entire term of this Bond Purchase Agreement.

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

2.12 The Local Government, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit B and incorporated herein by reference, and forward a copy by the 20th of each month to the DEP and the Authority.

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

ARTICLE III

Conditions to Purchase of Local Bonds; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

(i) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and

DEP shall have received a certificate of the accountant for the Local Government, or such other person or firm experienced in the finances of local governments and satisfactory to the Authority and DEP, to such effect; and

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

3.2 Subject to the terms and provisions of this Bond Purchase Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government, it is hereby agreed that the Authority shall purchase the Local Bonds of the Local Government and the Local Government shall issue and sell the Local Bonds to the Authority, and in furtherance thereof it is agreed that the Local Government shall sell to the Authority and the Authority shall purchase the Local Bonds in the principal amount and at the price set forth in Schedule X hereto. The Local Bonds shall have such further terms and provisions as described in Article IV hereof.

3.3 The Local Bonds shall be secured and shall be repaid in the manner hereinafter provided in this Bond Purchase Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, DEP and the Local Government. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Closing."

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

3.6 The Local Government shall provide DEP with the appropriate documentation to comply with the special conditions regarding the public release and audit requirements, established by federal and State regulations as set forth in Exhibit E attached hereto at such times as are set forth therein.

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior

to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the net or gross revenues of the System as provided in the Local Act;

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

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

(iv) That, except as otherwise required by State law or the SRF Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

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

(xi) That the Local Government shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and DEP, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

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

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

(xvi) That the West Virginia Municipal Bond Commission (the "Commission") shall serve as paying agent for all Local Bonds;

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

(xx) That the Local Government shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

(xxi) That the Local Government shall submit all proposed change orders to the DEP for approval. The Local Government shall obtain the written approval of the DEP before expending any proceeds of the Local Bonds held in "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineer. The Local Government shall obtain the written approval of the DEP before

expending any proceeds of the Local Bonds available due to bid/construction/project underruns.

The Local Government hereby represents and warrants that the Local Act has been or shall be duly adopted or enacted 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, validity, sale and delivery of the Local Bonds shall be approved without qualification by nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit G.

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

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

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

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

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Bond Purchase Agreement and the Local Act. The Local Government hereby further irrevocably covenants and agrees that, as one of the conditions of the Authority to purchase the Local Bonds, it has fixed and collected, or will fix and collect, the rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and in compliance with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof.

5.2 In the event, for any reason, the schedule of rates, fees and charges initially established for the System in connection with the Local Bonds shall prove to be insufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement, the Local Government hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges (or where applicable, immediately file with the PSC for a rate increase) and take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Local Act and this Bond Purchase Agreement.

5.3 In the event the Local Government defaults in any payment due to the Authority pursuant to this Bond Purchase Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Local Bonds next due, from the date of the default until the date of the payment thereof.

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Bond Purchase Agreement, and the Local Government hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Government shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Bond Purchase Agreement.

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

6.3 The Local Government hereby agrees to repay on or prior to the Date of Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project.

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

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

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

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

ARTICLE VII

Miscellaneous

7.1 Schedules X and Y shall be attached to this Bond Purchase Agreement by the Authority as soon as practicable after the Date of Closing is established and shall be approved by an official action of the Local Government supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 If any provision of this Bond Purchase 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 Bond Purchase Agreement, and this Bond Purchase Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This Bond Purchase 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 Bond Purchase Agreement.

7.4 No waiver by any party of any term or condition of this Bond Purchase 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 Bond Purchase Agreement.

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

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

7.7 This Bond Purchase Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP; or

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

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

CITY OF BLUEFIELD

(SEAL)

By: _____
Its: Mayor
Date: June 27, 2013

Attest:

_____
Its: Clerk

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: _____
Its: Director
Date: June 27, 2013

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: June 27, 2013

Attest:

_____
Its: Authorized Officer

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

Name of Local Government _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

Item	Current Month	Total Year To Date	Budget Year To Date	Budget Year To Date Minus Total Year To Date
1. Gross Revenues				
2. Operating Expenses				
3. Bond Payments:				
Type of Issue				
Clean Water SRF				
Drinking Water TRF				
Infrastructure Fund				
Water Development Authority				
Rural Utilities Service				
Economic Development Administration				
Other (Identify)				
_____				
_____				
4. Renewal and Replacement Fund Deposits				

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

Item 1 You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual **Gross Revenues** for the current month and the total amount year-to-date in the respective columns. Divide the budgeted annual Gross Revenues by 12. For example, if Gross Revenues of $1,200 are anticipated to be received for the year, each month the base would be increased by $100 ($1,200/12). This is the incremental amount for the Budget Year-to-Date column.

Item 2 Provide the amount of actual **Operating Expenses** for the current month and the total amount year-to-date in the respective columns. Any administrative fee should be included in the Operating Expenses. Divide the budgeted annual Operating Expenses by 12. For example, if Operating Expenses of $900 are anticipated to be incurred for the year, each month the base would be increased by $75 ($900/12). This is the incremental amount for the Budget Year-to-Date column.

Item 3 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Government according to the source of funding. For example, Clean Water State Revolving Fund loan from Department of Environmental Protection, Drinking Water Treatment Revolving Fund loan from Bureau for Public Health, Infrastructure Fund loan from Infrastructure and Jobs Development Council, or a loan from the Water Development Authority, etc.

Item 4 Provide the amount deposited into the **Renewal and Replacement Fund** each month. This amount is equal to 2.5% of Gross Revenues minus the total reserve account payments included in Item 3. If Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 3 should be deposited into the Renewal and Replacement Fund. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.

The Local Government must complete the Monthly Financial Report and forward it to the Water Development Authority by the 20th day of each month, commencing on the date contracts are executed for the acquisition or construction of the Project and for two years following the completion of acquisition or construction of the Project.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____

(Issuer)

_____

(Name of Bonds)

I, _____, Registered Professional Engineer, West Virginia License No._____, of _____, Consulting Engineers, _____, _____, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of _____ to the _____ system (the "Project") of _____ (the "Issuer"), to be constructed primarily in _____County, West Virginia, which acquisition and construction are being permanently financed in part by the above-captioned bonds (the "Bonds") of the Issuer. Capitalized words not defined herein shall have the same meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the Bond Purchase Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), dated _____.

2. The Bonds are being issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the schematic design for the Project began [before July 1, 2012], (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule

attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders 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 for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (x) as of the effective date thereof[2], the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Bond Purchase Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; (xii) the Project design was performed in compliance with the provisions of West Virginia Code Chapter 22, Article 29; and (xiii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve _____ new customers in the _____ area.

WITNESS my signature and seal on this _____ day of _____, _____.

_____

By _____
West Virginia License No. __

[SEAL]

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

[2]If the Rule 42 Exhibit and/or rate structure was prepared by an accountant, then insert the following: "In reliance upon the certificate of _____ of even date herewith," at the beginning of (ix).

EXHIBIT E

SPECIAL CONDITIONS

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

B. ASSET MANAGEMENT – The Local Government shall submit an acceptable asset management plan or where applicable, updated plans, to DEP no later than six months following substantial completion of the Project. This requirement shall be included in the bond closing documents.

C. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

EXHIBIT F

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a bond purchase agreement dated ____, ___, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), among the Local Government, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the issue of a series of revenue bonds of the Local Government, dated _____, ___ (the "Local Bonds"), to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Local Bonds are issued in the principal amount of $_____, in the form of one bond, registered as to principal only to the Authority, with principal payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____ 1, ____, and ending __ 1, ____, all as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Local Bonds.

The Local Bonds are issued for the purposes of (i) _____, and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____

(collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Bond Purchase Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Bond Purchase 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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

3. The Local Government is a duly organized and validly existing _____, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Local Act and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government in accordance with their terms. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Bond Purchase Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, payable from the net or gross revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the net or gross revenues of the System, all in accordance with the terms of the Local Bonds and the Local Act.

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series A Bonds (CWSRF Base Program)

Principal Amount of Local Bonds	$1,358,924
Purchase Price of Local Bonds	$1,358,924

The Local Bonds shall bear interest at a rate 0.5% per annum. Commencing September 1, 2014, principal and interest of the Local Bonds is payable quarterly, with an administrative fee of 0.5%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

The Local Bonds are fully registered in the name of the Authority as to principal only and the Local Bonds shall grant the Authority a first lien on the net or gross revenues of the Local Government's system as provided in the Local Act.

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

Number of Proposed New Customers to Be Served: 0
Location: WWTP energy efficient upgrades and 8 pump station upgrades

As of the date of the Bond Purchase Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government:

(i) City of Bluefield Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000;

(ii) City of Bluefield Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645;

(iii) City of Bluefield Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000;

(iv) City of Bluefield Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000; and

(v) City of Bluefield Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295.

B. Series B Bonds (CWSRF Forgiveness)

Principal Amount of Local Bonds	$229,550
Purchase Price of Local Bonds	$229,550

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. The principal amounts advanced under the Series B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series B Bonds shall be deemed no longer outstanding after the last advance is forgiven.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bond Debt Service
City of Bluefield
CW SRF
$1,358,924, 30 years
0.5% Interest Rate
0.5% Administrative Fee
Dated Date 6/27/2013
Delivery Date 6/27/2013

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
9/1/2014	10,503	1,698.66	12,201.66	877.62	13,079.28
12/1/2014	10,516	1,685.53	12,201.53	877.62	13,079.15
3/1/2015	10,530	1,672.38	12,202.38	877.62	13,080.00
6/1/2015	10,543	1,659.22	12,202.22	877.62	13,079.84
9/1/2015	10,556	1,646.04	12,202.04	877.62	13,079.66
12/1/2015	10,569	1,632.85	12,201.85	877.62	13,079.47
3/1/2016	10,582	1,619.63	12,201.63	877.62	13,079.25
6/1/2016	10,596	1,606.41	12,202.41	877.62	13,080.03
9/1/2016	10,609	1,593.16	12,202.16	877.62	13,079.78
12/1/2016	10,622	1,579.90	12,201.90	877.62	13,079.52
3/1/2017	10,635	1,566.62	12,201.62	877.62	13,079.24
6/1/2017	10,649	1,553.33	12,202.33	877.62	13,079.95
9/1/2017	10,662	1,540.02	12,202.02	877.62	13,079.64
12/1/2017	10,675	1,526.69	12,201.69	877.62	13,079.31
3/1/2018	10,689	1,513.35	12,202.35	877.62	13,079.97
6/1/2018	10,702	1,499.99	12,201.99	877.62	13,079.61
9/1/2018	10,715	1,486.61	12,201.61	877.62	13,079.23
12/1/2018	10,729	1,473.21	12,202.21	877.62	13,079.83
3/1/2019	10,742	1,459.80	12,201.80	877.62	13,079.42
6/1/2019	10,756	1,446.38	12,202.38	877.62	13,080.00
9/1/2019	10,769	1,432.93	12,201.93	877.62	13,079.55
12/1/2019	10,783	1,419.47	12,202.47	877.62	13,080.09
3/1/2020	10,796	1,405.99	12,201.99	877.62	13,079.61
6/1/2020	10,809	1,392.50	12,201.50	877.62	13,079.12
9/1/2020	10,823	1,378.98	12,201.98	877.62	13,079.60
12/1/2020	10,837	1,365.46	12,202.46	877.62	13,080.08
3/1/2021	10,850	1,351.91	12,201.91	877.62	13,079.53
6/1/2021	10,864	1,338.35	12,202.35	877.62	13,079.97
9/1/2021	10,877	1,324.77	12,201.77	877.62	13,079.39
12/1/2021	10,891	1,311.17	12,202.17	877.62	13,079.79
3/1/2022	10,904	1,297.56	12,201.56	877.62	13,079.18
6/1/2022	10,918	1,283.93	12,201.93	877.62	13,079.55
9/1/2022	10,932	1,270.28	12,202.28	877.62	13,079.90
12/1/2022	10,945	1,256.61	12,201.61	877.62	13,079.23
3/1/2023	10,959	1,242.93	12,201.93	877.62	13,079.55
6/1/2023	10,973	1,229.23	12,202.23	877.62	13,079.85
9/1/2023	10,986	1,215.52	12,201.52	877.62	13,079.14
12/1/2023	11,000	1,201.79	12,201.79	877.62	13,079.41
3/1/2024	11,014	1,188.04	12,202.04	877.62	13,079.66
6/1/2024	11,028	1,174.27	12,202.27	877.62	13,079.89

Bond Debt Service

City of Bluefield

CW SRF

$1,358,924, 30 years

0.5% Interest Rate

0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
9/1/2024	11,042	1,160.48	12,202.48	877.62	13,080.10
12/1/2024	11,055	1,146.68	12,201.68	877.62	13,079.30
3/1/2025	11,069	1,132.86	12,201.86	877.62	13,079.48
6/1/2025	11,083	1,119.03	12,202.03	877.62	13,079.65
9/1/2025	11,097	1,105.17	12,202.17	877.62	13,079.79
12/1/2025	11,111	1,091.30	12,202.30	877.62	13,079.92
3/1/2026	11,125	1,077.41	12,202.41	877.62	13,080.03
6/1/2026	11,138	1,063.51	12,201.51	877.62	13,079.13
9/1/2026	11,152	1,049.58	12,201.58	877.62	13,079.20
12/1/2026	11,166	1,035.64	12,201.64	877.62	13,079.26
3/1/2027	11,180	1,021.69	12,201.69	877.62	13,079.31
6/1/2027	11,194	1,007.71	12,201.71	877.62	13,079.33
9/1/2027	11,208	993.72	12,201.72	877.62	13,079.34
12/1/2027	11,222	979.71	12,201.71	877.62	13,079.33
3/1/2028	11,236	965.68	12,201.68	877.62	13,079.30
6/1/2028	11,250	951.64	12,201.64	877.62	13,079.26
9/1/2028	11,264	937.57	12,201.57	877.62	13,079.19
12/1/2028	11,279	923.49	12,202.49	877.62	13,080.11
3/1/2029	11,293	909.39	12,202.39	877.62	13,080.01
6/1/2029	11,307	895.28	12,202.28	877.62	13,079.90
9/1/2029	11,321	881.14	12,202.14	877.62	13,079.76
12/1/2029	11,335	866.99	12,201.99	877.62	13,079.61
3/1/2030	11,349	852.82	12,201.82	877.62	13,079.44
6/1/2030	11,363	838.64	12,201.64	877.62	13,079.26
9/1/2030	11,378	824.43	12,202.43	877.62	13,080.05
12/1/2030	11,392	810.21	12,202.21	877.62	13,079.83
3/1/2031	11,406	795.97	12,201.97	877.62	13,079.59
6/1/2031	11,420	781.71	12,201.71	877.62	13,079.33
9/1/2031	11,435	767.44	12,202.44	877.62	13,080.06
12/1/2031	11,449	753.15	12,202.15	877.62	13,079.77
3/1/2032	11,463	738.83	12,201.83	877.62	13,079.45
6/1/2032	11,477	724.51	12,201.51	877.62	13,079.13
9/1/2032	11,492	710.16	12,202.16	877.62	13,079.78
12/1/2032	11,506	695.79	12,201.79	877.62	13,079.41
3/1/2033	11,521	681.41	12,202.41	877.62	13,080.03
6/1/2033	11,535	667.01	12,202.01	877.62	13,079.63
9/1/2033	11,549	652.59	12,201.59	877.62	13,079.21
12/1/2033	11,564	638.16	12,202.16	877.62	13,079.78
3/1/2034	11,578	623.70	12,201.70	877.62	13,079.32
6/1/2034	11,593	609.23	12,202.23	877.62	13,079.85
9/1/2034	11,607	594.74	12,201.74	877.62	13,079.36
12/1/2034	11,622	580.23	12,202.23	877.62	13,079.85

Bond Debt Service

City of Bluefield

CW SRF

$1,358,924, 30 years

0.5% Interest Rate

0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
3/1/2035	11,636	565.70	12,201.70	877.62	13,079.32
6/1/2035	11,651	551.16	12,202.16	877.62	13,079.78
9/1/2035	11,665	536.59	12,201.59	877.62	13,079.21
12/1/2035	11,680	522.01	12,202.01	877.62	13,079.63
3/1/2036	11,695	507.41	12,202.41	877.62	13,080.03
6/1/2036	11,709	492.79	12,201.79	877.62	13,079.41
9/1/2036	11,724	478.16	12,202.16	877.62	13,079.78
12/1/2036	11,738	463.50	12,201.50	877.62	13,079.12
3/1/2037	11,753	448.83	12,201.83	877.62	13,079.45
6/1/2037	11,768	434.14	12,202.14	877.62	13,079.76
9/1/2037	11,783	419.43	12,202.43	877.62	13,080.05
12/1/2037	11,797	404.70	12,201.70	877.62	13,079.32
3/1/2038	11,812	389.95	12,201.95	877.62	13,079.57
6/1/2038	11,827	375.19	12,202.19	877.62	13,079.81
9/1/2038	11,842	360.40	12,202.40	877.62	13,080.02
12/1/2038	11,856	345.60	12,201.60	877.62	13,079.22
3/1/2039	11,871	330.78	12,201.78	877.62	13,079.40
6/1/2039	11,886	315.94	12,201.94	877.62	13,079.56
9/1/2039	11,901	301.08	12,202.08	877.62	13,079.70
12/1/2039	11,916	286.21	12,202.21	877.62	13,079.83
3/1/2040	11,931	271.31	12,202.31	877.62	13,079.93
6/1/2040	11,946	256.40	12,202.40	877.62	13,080.02
9/1/2040	11,961	241.47	12,202.47	877.62	13,080.09
12/1/2040	11,975	226.52	12,201.52	877.62	13,079.14
3/1/2041	11,990	211.55	12,201.55	877.62	13,079.17
6/1/2041	12,005	196.56	12,201.56	877.62	13,079.18
9/1/2041	12,020	181.55	12,201.55	877.62	13,079.17
12/1/2041	12,035	166.53	12,201.53	877.62	13,079.15
3/1/2042	12,051	151.48	12,202.48	877.62	13,080.10
6/1/2042	12,066	136.42	12,202.42	877.62	13,080.04
9/1/2042	12,081	121.34	12,202.34	877.62	13,079.96
12/1/2042	12,096	106.24	12,202.24	877.62	13,079.86
3/1/2043	12,111	91.12	12,202.12	877.62	13,079.74
6/1/2043	12,126	75.98	12,201.98	877.62	13,079.60
9/1/2043	12,141	60.82	12,201.82	877.62	13,079.44
12/1/2043	12,156	45.64	12,201.64	877.62	13,079.26
3/1/2044	12,172	30.45	12,202.45	877.62	13,080.07
6/1/2044	12,187	15.23	12,202.23	877.62	13,079.85
	1,358,924	105,314.05	1,464,238.05	105,314.40	1,569,552.45

The total repayment amount includes a quarterly administrative fee of $877.62 that results in a total administrative expense of $105,314.40 for the life of the loan

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information
(304) 353-8196 – Telephone
(304) 353-8181 – Facsimile
John.Stump@steptoe-johnson.com

May 31, 2013

02:29 PM MAY 31 2013 PSC EXEC SEC DI

Via Hand Delivery

Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

CASE NO.: 12-1355-S-CN

CITY OF BLUEFIELD SANITARY BOARD

Dear Ms. Squire:

Enclosed herein for filing on behalf of the City of Bluefield Sanitary Board, please find an affidavit by the Board's certified public accountant.

Please file the enclosed affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, I ask that you date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and should you have any questions please contact me at (304) 353-8196.

Best Regards,

John C. Stump
(W. V. State Bar No. 6385)

Enclosures

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

CASE NO.: 12-1355-S-CN

CITY OF BLUEFIELD SANITARY BOARD

02:29 PM MAY 31 2013 PSC EXEC SEC DIV

STATE OF WEST VIRGINIA
COUNTY OF LINCOLN, TO-WIT:

AFFIDAVIT

We have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 12-1355-S-CN entered January 9, 2013 approving the financing consisting of (i) a debt forgiveness loan from the WV DEP SRF in the amount of $174,040; and (ii) a conventional $1,363,826 WV DEP SRF loan payable over 30 years at 0% interest and a 0.5% administrative fee.

Based upon all the information that has been provided, to date, we are of the opinion that the rates and charges are not affected by the revised funding consisting of (i) a debt forgiveness loan from the WV DEP SRF in the amount of $229,550; and (ii) a conventional $1,358,924 WV DEP SRF loan payable over 30 years at 0.5% interest and a 0.5% administrative fee.

This Affidavit is executed on the 31st day of May, 2013.

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

Taken, subscribed and sworn to before me this 31st day of May, 2013.

My commission expires April 26, 2014

[SEAL]

Dreama Kingrey
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DREAMA KINGREY
GRIFFITH & ASSOCIATES
950 LITTLE COAL RIVER ROAD
ALUM CREEK, WV 25003
My commission expires April 26, 2014

Michael D. Griffith, CPA, AFI
mgriffith@gcorpwv.com
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

1/29/2013

Entered: January 9, 2013

CASE NO. 12-1355-S-CN

CITY OF BLUEFIELD SANITARY BOARD,
a municipal utility, Bluefield, Mercer County.
Application for a certificate of convenience and necessity to construct upgrades to its wastewater treatment facility in Ada and its eight pump stations in Mercer County.

RECOMMENDED DECISION

The application is granted and the project and its funding are approved.

CASE RECORD

On September 26, 2012, the City of Bluefield Sanitary Board (Board) filed with the Public Service Commission (Commission) an application for a certificate of convenience and necessity to construct upgrades to its wastewater treatment facility in Ada, West Virginia, and to its eight pump stations in Mercer County.

On October 9, 2012, the Commission issued a Referral Order, referring this matter to the Division of Administrative Law Judges for decision no later than March 11, 2013.

On October 11, 2012, the Commission issued a Commission Order, requiring the Board to publish a Notice of Filing, which provided that, if no substantial protest was filed within thirty days after the date of publication, the Commission might waive formal hearing and grant the application based upon its review of the evidence submitted with the application.

On October 23, 2012, the Board filed an affidavit of publication of the Notice of Filing on October 11, 2012, in the Princeton Times, published in Mercer County.

On December 18, 2012, a funding commitment letter from the Clean Water SRF Program of the West Virginia Department of Environmental Protection (WVDEP) was filed.

On December 20, 2012, the Final Joint Staff Memorandum was filed. Staff recommended that the application be granted and the project and its funding be approved.

On December 21, 2012, the Board filed a letter concurring with Staff's recommendation.

FINDINGS OF FACT

1. On September 26, 2012, the City of Bluefield Sanitary Board filed with the Public Service Commission an application for a certificate of convenience and necessity to construct upgrades to its wastewater treatment facility in Ada, West Virginia, and to its eight pump stations in Mercer County. (See application).

2. The Board provides service to 8,042 customers in and around Bluefield. It has two treatment plants, but this matter only involves, as Contract 1, its 1.2MGD capacity Ada extended aeration treatment plant, and, as Contract 2, the Board's eight pumping stations that are located in West Virginia, the Thompson, Brush Fork, Midway and Horton Road stations and the Cumberland Numbers 1 through 4 pumping stations. (See application; Final Joint Staff Memorandum filed December 20, 2012).

3. Contract 1 involves repairing and replacing the roofs of the operations and disinfection buildings; replacing the lower efficiency process aerators and mechanical mixers with high-efficiency fine-bubble diffusers; replacing the aged main process air blowers with high-efficiency blowers and motor-control systems; replacing the old emergency generator with a 350 KW diesel-powered system; replacing the out-dated UV disinfection system with a higher-efficiency system; and making various electrical, piping and mechanical improvements and modifications, as needed. (See application; Final Joint Staff Memorandum).

4. Contract 2 involves installing telemetry monitoring and alarm systems at all eight pumping stations, and replacing the two pumps at the Cumberland No. 1 pumping station with 35 horsepower submersible wastewater pumps. (See application; Final Joint Staff Memorandum).

5. The Ada plant was built around 1974 and has become functionally or mechanically obsolete. As indicated in Finding of Fact 3, much of the Ada equipment is inefficient or unreliable. The roofs of the operation and disinfection buildings leak, causing the buildings' further deterioration. All of the eight pumping stations have suffered recurrent problems, and the new telemetry systems will enable system operators to be better informed of the operating status of the key pumping systems and will alert them to failures before major problems develop. The present pumps at the Cumberland No. 1 pumping station are outdated and inefficient; the new pumps are efficient. Staff's review supported that the project incorporates the proper alternatives for improving the treatment plant and the pumping stations. (See application; Final Joint Staff Memorandum).

6. The project was approved by the West Virginia Infrastructure and Jobs Development Council. (See application; Final Joint Staff Memorandum).

7. The total cost of the project is estimated at $1,537,866; its estimated total construction cost is $1,090,304, including $21,313 project contingency costs. Staff found the costs to be reasonable. (See application; Final Joint Staff Memorandum).

8. The proposed funding for the project is a 20% debt-forgiveness loan from the WV DEP SRF in the amount of $174,040 and a conventional $1,363,826 WV DEP SRF loan, payable over 30 years at 0% interest and a 0.5% administrative fee. (See application; Final Joint Staff Memorandum; filing of December 19, 2012).

9. The City of Bluefield passed an ordinance raising the Board's rates by 16%, increasing revenue by $668,108, which became effective May 12, 2012. The increased rates will provide the Board an annual surplus of $615,012 and a debt service coverage of 163%, well above the Board's required 115%. (See application; Final Joint Staff Memorandum).

10. The project is awaiting construction permits from the West Virginia Board of Public Health and an NPDES permit from the WV DEP. The project requires no new rights-of-way or land acquisitions. (See application; Final Joint Staff Memorandum).

11. The project has not been bid. (See application; Final Joint Staff Memorandum).

12. Staff recommended that the application be granted and the project and its funding be approved, cautioning that construction cannot begin until all permits have been received and filed. (See Final Joint Staff Memorandum).

13. The Board provided notice to its customers by publishing a Notice of Filing on October 11, 2012, in the Princeton Times, published in Mercer County, and no protest was filed. (See filing of October 23, 2012; Commission case file).

CONCLUSIONS OF LAW

1. It is appropriate to grant the application and to approve the project, pursuant to W.Va. Code §24-2-11, upon condition that any needed outstanding permits be received and filed before construction begins on the project, because the public convenience and necessity require the project.

2. It is appropriate to approve the funding for the project.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on September 26, 2012, by the City of Bluefield Sanitary Board for a certificate of convenience and necessity to construct upgrades to its wastewater treatment facility in Ada, West Virginia, and to its eight pump stations

in Mercer County, at a total estimated cost of $1,537,866, is granted and the project is approved, without specific approval of the project's plans and specifications.

IT IS FURTHER ORDERED that the City of Bluefield Sanitary Board not proceed to construction unless and until it has received and filed with the Commission all required federal, state, and local permits.

IT IS FURTHER ORDERED that the funding for the project, consisting of a 20% debt-forgiveness loan from the WV DEP SRF in the amount of $174,040 and a conventional $1,363,826 WV DEP SRF loan, payable over 30 years at 0% interest and a 0.5% administrative fee, is approved.

IT IS FURTHER ORDERED that, if there are any changes in the plans and/or scope of the project or if a change in project cost or financing affects rates, the City of Bluefield Sanitary Board obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in the project costs that do not affect rates, the City of Bluefield Sanitary Board file an affidavit duly executed by its accountant verifying that the City's rates and charges are not affected.

IT IS FURTHER ORDERED that the City of Bluefield Sanitary Board file a copy of the engineer's certified tabulation of bids for the project within ten (10) days of the opening date.

IT IS FURTHER ORDERED that the City of Bluefield Sanitary Board file with the Commission a certificate of substantial completion for each contract awarded for the project from its engineer as soon as each becomes available.

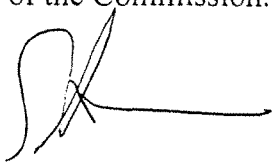
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, and upon all parties of record who have not filed an e-service agreement with the Commission.

Leave is hereby granted to the parties to file written exceptions supported by a brief with the Executive Secretary within fifteen (15) days of the date this order is mailed. If exceptions are filed, the parties filing exceptions shall certify to the Executive Secretary that all parties of record have been served said exceptions.

If no exceptions are so filed, this order shall become the order of the Commission, without further action or order, five (5) days following the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission.



Sunya Anderson
Administrative Law Judge

SA:s
121355a.docx

WEST VIRGINIA

Infrastructure & Jobs Development Council

PROGRAMS

Gov. Earl Ray Tomblin
Chairman

Kenneth Lowe, Jr.
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Louis R. Spatafore
Public Member

Joseph Freeland
Public Member

D. K. "Bud" Carr
Public Member

James W. Ellars, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

September 8, 2011

Wilbur Smith, P.E., Executive Director
Bluefield Sanitary Board
100 Rogers Street
Bluefield, WV 24701

Re: Sanitary Board of Bluefield (Ada WTTP/Cumberland Road)
Sewer Project 2011S-1270

Dear Mr. Smith,

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the Bluefield Sanitary Board's (Board) preliminary application for approval and funding to rehabilitate four (4) Cumberland PS pumps and upgrade the Ada WWTP (Project).

Based on the findings of the Sewer Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The Board should carefully review the enclosed comments of the Sewer Technical Review Committee as the Board may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council determined that the Board should pursue a $2,426,750 Clean Water State Revolving Fund loan (0%, .5% Admin Fee, 30 yrs) and $500,000 Clean Water State Revolving Fund Green Reserve debt forgiveness to fund this $2,926,750 Project. Please contact the West Virginia Division of Environmental Protection office at 304-926-0499 (X1596) for specific information on the steps the Board needs to follow to apply for these funds. **Please note that this letter <u>does not</u> constitute funding approval from this agency.**

If you have any questions regarding this matter, please contact Jim Ellars at 304-414-6501 (X106).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Kathy Emery, P.E., DEP (w/o enclosure) *(via e-mail)*
Robert G. Belcher, P.E., Chapman Technical Group
David Cole, Exec. Dir., Region I P&DC

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street, SE
Charleston WV 25304
Telephone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

December 14, 2012

Mr. Shannon Bailey, Executive Director
Bluefield Sanitary Board
100 Rogers Street
Bluefield, West Virginia 24701

RE: Bluefield Sanitary Board
Binding Commitment Letter
SRF No. C-544493

Dear Mr. Bailey:

This letter is to confirm our intention of providing the long-term financing through the Clean Water State Revolving Fund Program for the Sanitary Board's wastewater improvement project. The project will provide energy efficient upgrades to the Ada wastewater treatment plant and the upgrades of eight pump stations.

We are hereby committing an amount of $1,537,867 which contains two loan components: A repayable loan amount of $1,363,827 with a 0.5% interest rate, 0.5% administrative fee, for a term of 30 years and a "green" forgiveable loan in the amount of $174,040. The Sanitary Board qualifies for these terms as long as the 4,000 gallon average sewer rate is equal to or greater than $34.59 (1.5% MHI). The final amount may be adjusted after receipt of bids and a formal application is submitted.

If the Sanitary Board's bonds have not been issued to the Fund prior to June 14, 2013, it is understood that the Fund reserves the right to discontinue processing the Sanitary Board's application and on that day, will have no further responsibilities or obligations hereunder.

Should you have any questions, please do not hesitate to contact me at (304) 926-0499, extension 1596 or at Katheryn.D.Emery@wv.gov .

Sincerely,

Katheryn D. Emery, P.E.
Program Manager
Clean Water SRF Program

cc: Ms. Samme Gee, Esquire, Jackson Kelly
Mr. Mike Johnson, P.E., Chapman Technical Group
Mr. Jonathan Fowler, P. E., PSC

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 27th day of June, 2013, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of The City of Bluefield (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, in the principal amount of $1,358,924, numbered AR-1, issued as a single, fully registered Bond, and dated June 27, 2013 (the "Series 2013 A Bonds").

2. On the date hereof, the Authority received the Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, in the principal amount of $229,550, numbered BR-1, issued as a single, fully registered Bond, and dated June 27, 2013 (the "Series 2013 B Bonds").

3. At the time of such receipt, the Series 2013 A Bonds and Series 2013 B Bonds had been executed by the Mayor and the Clerk of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Bonds.

4. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2013 A Bonds, of the sum of $185,727, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

5. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2013 B Bonds, of the sum of $-0-, being a portion of the principal amount of the Series 2013 B Bonds. The balance of the principal amount of the Series 2013 B Bonds will be advanced by the Authority and the West Virginia Department of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

THE CITY OF BLUEFIELD

By: _____
Its: Mayor

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 27th day of June, 2013, there are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of The City of Bluefield Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the principal amount of $1,358,924, dated June 27, 2013 (the "Series 2013 A Bonds"), and Bond No. BR-1, constituting the entire original issue of The City of Bluefield Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), in the principal amount of $229,550, dated June 27, 2013 (the "Series 2013 B Bonds"), (collectively, the "Bonds"), executed by the Mayor and the Clerk of The City of Bluefield (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on May 14, 2013, and a Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bonds, duly certified by the Clerk of the Issuer;

(3) Executed counterparts of the Bond Purchase Agreement for the Series 2013 Bonds, dated June 27, 2013, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinions of nationally recognized bond counsel regarding the validity of the Bond Purchase Agreement and the Bonds.

You are hereby requested and authorized to deliver the Series 2013 A Bonds to the Authority upon payment to the Issuer of the sum of $185,727, representing a portion of the principal amount of the Series 2013 A Bonds. You are further hereby requested and authorized to deliver the Series 2013 B Bonds to the Authority upon payment to the Issuer of the sum of $-0-, representing a portion of the principal amount of the Series 2013 B Bonds. Prior to such delivery of the Series 2013 Bonds, you will please cause the Series 2013 Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

THE CITY OF BLUEFIELD

By: _____
Its: Mayor

079810.00008

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2013 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $1,358,924

KNOW ALL MEN BY THESE PRESENTS: The 27th day of June, 2013, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION THREE HUNDRED FIFTY-EIGHT THOUSAND NINE HUNDRED TWENTY-FOUR DOLLARS ($1,358,924), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014, to and including June 1, 2044, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference with interest of 0.50% payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014, to and including June 1, 2044, as set forth on said EXHIBIT B. The SRF Administrative Fee of 0.50% (as defined in the hereinafter described Bond Legislation) shall be payable quarterly on March 1, June 1, September 1, and December 1 of each year, commencing September 1, 2014, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the next month preceding an interest payment date, or 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 the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated June 27, 2013.

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

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 14, 2013, and a Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S:

(I) SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS");

(II) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS");

(III) SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS");

(IV) SEWER REFUNDING REVENUE BONDS, SERIES 2004, DATED DECEMBER 1, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,175,000 (THE "SERIES 2004 BONDS"); AND

(V) SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED JANUARY 28, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,883,295, (THE "SERIES 2010 B BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System on a parity with the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2013 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for

principal of and interest, if any, on the Bonds, the Prior Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with or junior and subordinate, to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 payment of the Costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest, if any, on of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

ATTEST:

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 27, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $185,727	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Bond Debt Service

City of Bluefield

CW SRF

$1,358,924, 30 years

0.5% Interest Rate

0.5% Administrative Fee

Dated Date	6/27/2013
Delivery Date	6/27/2013

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
9/1/2014	10,503	1,698.66	12,201.66	877.62	13,079.28
12/1/2014	10,516	1,685.53	12,201.53	877.62	13,079.15
3/1/2015	10,530	1,672.38	12,202.38	877.62	13,080.00
6/1/2015	10,543	1,659.22	12,202.22	877.62	13,079.84
9/1/2015	10,556	1,646.04	12,202.04	877.62	13,079.66
12/1/2015	10,569	1,632.85	12,201.85	877.62	13,079.47
3/1/2016	10,582	1,619.63	12,201.63	877.62	13,079.25
6/1/2016	10,596	1,606.41	12,202.41	877.62	13,080.03
9/1/2016	10,609	1,593.16	12,202.16	877.62	13,079.78
12/1/2016	10,622	1,579.90	12,201.90	877.62	13,079.52
3/1/2017	10,635	1,566.62	12,201.62	877.62	13,079.24
6/1/2017	10,649	1,553.33	12,202.33	877.62	13,079.95
9/1/2017	10,662	1,540.02	12,202.02	877.62	13,079.64
12/1/2017	10,675	1,526.69	12,201.69	877.62	13,079.31
3/1/2018	10,689	1,513.35	12,202.35	877.62	13,079.97
6/1/2018	10,702	1,499.99	12,201.99	877.62	13,079.61
9/1/2018	10,715	1,486.61	12,201.61	877.62	13,079.23
12/1/2018	10,729	1,473.21	12,202.21	877.62	13,079.83
3/1/2019	10,742	1,459.80	12,201.80	877.62	13,079.42
6/1/2019	10,756	1,446.38	12,202.38	877.62	13,080.00
9/1/2019	10,769	1,432.93	12,201.93	877.62	13,079.55
12/1/2019	10,783	1,419.47	12,202.47	877.62	13,080.09
3/1/2020	10,796	1,405.99	12,201.99	877.62	13,079.61
6/1/2020	10,809	1,392.50	12,201.50	877.62	13,079.12
9/1/2020	10,823	1,378.98	12,201.98	877.62	13,079.60
12/1/2020	10,837	1,365.46	12,202.46	877.62	13,080.08
3/1/2021	10,850	1,351.91	12,201.91	877.62	13,079.53
6/1/2021	10,864	1,338.35	12,202.35	877.62	13,079.97
9/1/2021	10,877	1,324.77	12,201.77	877.62	13,079.39
12/1/2021	10,891	1,311.17	12,202.17	877.62	13,079.79
3/1/2022	10,904	1,297.56	12,201.56	877.62	13,079.18
6/1/2022	10,918	1,283.93	12,201.93	877.62	13,079.55
9/1/2022	10,932	1,270.28	12,202.28	877.62	13,079.90
12/1/2022	10,945	1,256.61	12,201.61	877.62	13,079.23
3/1/2023	10,959	1,242.93	12,201.93	877.62	13,079.55
6/1/2023	10,973	1,229.23	12,202.23	877.62	13,079.85
9/1/2023	10,986	1,215.52	12,201.52	877.62	13,079.14
12/1/2023	11,000	1,201.79	12,201.79	877.62	13,079.41
3/1/2024	11,014	1,188.04	12,202.04	877.62	13,079.66
6/1/2024	11,028	1,174.27	12,202.27	877.62	13,079.89

Bond Debt Service

City of Bluefield

CW SRF

$1,358,924, 30 years

0.5% Interest Rate

0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
9/1/2024	11,042	1,160.48	12,202.48	877.62	13,080.10
12/1/2024	11,055	1,146.68	12,201.68	877.62	13,079.30
3/1/2025	11,069	1,132.86	12,201.86	877.62	13,079.48
6/1/2025	11,083	1,119.03	12,202.03	877.62	13,079.65
9/1/2025	11,097	1,105.17	12,202.17	877.62	13,079.79
12/1/2025	11,111	1,091.30	12,202.30	877.62	13,079.92
3/1/2026	11,125	1,077.41	12,202.41	877.62	13,080.03
6/1/2026	11,138	1,063.51	12,201.51	877.62	13,079.13
9/1/2026	11,152	1,049.58	12,201.58	877.62	13,079.20
12/1/2026	11,166	1,035.64	12,201.64	877.62	13,079.26
3/1/2027	11,180	1,021.69	12,201.69	877.62	13,079.31
6/1/2027	11,194	1,007.71	12,201.71	877.62	13,079.33
9/1/2027	11,208	993.72	12,201.72	877.62	13,079.34
12/1/2027	11,222	979.71	12,201.71	877.62	13,079.33
3/1/2028	11,236	965.68	12,201.68	877.62	13,079.30
6/1/2028	11,250	951.64	12,201.64	877.62	13,079.26
9/1/2028	11,264	937.57	12,201.57	877.62	13,079.19
12/1/2028	11,279	923.49	12,202.49	877.62	13,080.11
3/1/2029	11,293	909.39	12,202.39	877.62	13,080.01
6/1/2029	11,307	895.28	12,202.28	877.62	13,079.90
9/1/2029	11,321	881.14	12,202.14	877.62	13,079.76
12/1/2029	11,335	866.99	12,201.99	877.62	13,079.61
3/1/2030	11,349	852.82	12,201.82	877.62	13,079.44
6/1/2030	11,363	838.64	12,201.64	877.62	13,079.26
9/1/2030	11,378	824.43	12,202.43	877.62	13,080.05
12/1/2030	11,392	810.21	12,202.21	877.62	13,079.83
3/1/2031	11,406	795.97	12,201.97	877.62	13,079.59
6/1/2031	11,420	781.71	12,201.71	877.62	13,079.33
9/1/2031	11,435	767.44	12,202.44	877.62	13,080.06
12/1/2031	11,449	753.15	12,202.15	877.62	13,079.77
3/1/2032	11,463	738.83	12,201.83	877.62	13,079.45
6/1/2032	11,477	724.51	12,201.51	877.62	13,079.13
9/1/2032	11,492	710.16	12,202.16	877.62	13,079.78
12/1/2032	11,506	695.79	12,201.79	877.62	13,079.41
3/1/2033	11,521	681.41	12,202.41	877.62	13,080.03
6/1/2033	11,535	667.01	12,202.01	877.62	13,079.63
9/1/2033	11,549	652.59	12,201.59	877.62	13,079.21
12/1/2033	11,564	638.16	12,202.16	877.62	13,079.78
3/1/2034	11,578	623.70	12,201.70	877.62	13,079.32
6/1/2034	11,593	609.23	12,202.23	877.62	13,079.85
9/1/2034	11,607	594.74	12,201.74	877.62	13,079.36
12/1/2034	11,622	580.23	12,202.23	877.62	13,079.85

Bond Debt Service

City of Bluefield

CW SRF

$1,358,924, 30 years

0.5% Interest Rate

0.5% Administrative Fee

Period Ending	Principal	Interest	Debt Service	Adm fee	Total Quarterly repayment amount
3/1/2035	11,636	565.70	12,201.70	877.62	13,079.32
6/1/2035	11,651	551.16	12,202.16	877.62	13,079.78
9/1/2035	11,665	536.59	12,201.59	877.62	13,079.21
12/1/2035	11,680	522.01	12,202.01	877.62	13,079.63
3/1/2036	11,695	507.41	12,202.41	877.62	13,080.03
6/1/2036	11,709	492.79	12,201.79	877.62	13,079.41
9/1/2036	11,724	478.16	12,202.16	877.62	13,079.78
12/1/2036	11,738	463.50	12,201.50	877.62	13,079.12
3/1/2037	11,753	448.83	12,201.83	877.62	13,079.45
6/1/2037	11,768	434.14	12,202.14	877.62	13,079.76
9/1/2037	11,783	419.43	12,202.43	877.62	13,080.05
12/1/2037	11,797	404.70	12,201.70	877.62	13,079.32
3/1/2038	11,812	389.95	12,201.95	877.62	13,079.57
6/1/2038	11,827	375.19	12,202.19	877.62	13,079.81
9/1/2038	11,842	360.40	12,202.40	877.62	13,080.02
12/1/2038	11,856	345.60	12,201.60	877.62	13,079.22
3/1/2039	11,871	330.78	12,201.78	877.62	13,079.40
6/1/2039	11,886	315.94	12,201.94	877.62	13,079.56
9/1/2039	11,901	301.08	12,202.08	877.62	13,079.70
12/1/2039	11,916	286.21	12,202.21	877.62	13,079.83
3/1/2040	11,931	271.31	12,202.31	877.62	13,079.93
6/1/2040	11,946	256.40	12,202.40	877.62	13,080.02
9/1/2040	11,961	241.47	12,202.47	877.62	13,080.09
12/1/2040	11,975	226.52	12,201.52	877.62	13,079.14
3/1/2041	11,990	211.55	12,201.55	877.62	13,079.17
6/1/2041	12,005	196.56	12,201.56	877.62	13,079.18
9/1/2041	12,020	181.55	12,201.55	877.62	13,079.17
12/1/2041	12,035	166.53	12,201.53	877.62	13,079.15
3/1/2042	12,051	151.48	12,202.48	877.62	13,080.10
6/1/2042	12,066	136.42	12,202.42	877.62	13,080.04
9/1/2042	12,081	121.34	12,202.34	877.62	13,079.96
12/1/2042	12,096	106.24	12,202.24	877.62	13,079.86
3/1/2043	12,111	91.12	12,202.12	877.62	13,079.74
6/1/2043	12,126	75.98	12,201.98	877.62	13,079.60
9/1/2043	12,141	60.82	12,201.82	877.62	13,079.44
12/1/2043	12,156	45.64	12,201.64	877.62	13,079.26
3/1/2044	12,172	30.45	12,202.45	877.62	13,080.07
6/1/2044	12,187	15.23	12,202.23	877.62	13,079.85
	1,358,924	105,314.05	1,464,238.05	105,314.40	1,569,552.45

The total repayment amount includes a quarterly administrative fee of $877.62 that results in a total administrative expense of $105,314.40 for the life of the loan

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2013 B
(WEST VIRGINIA SRF PROGRAM/GREEN)

No. BR-1 $229,550

KNOW ALL MEN BY THESE PRESENTS: The 27th day of June, 2013, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer 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 TWO HUNDRED TWENTY-NINE THOUSAND FIVE HUNDRED FIFTY DOLLARS ($229,550), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously forgiven, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2013 B Bonds are not subject to the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation).

This Bond shall bear no interest. The principal amounts advanced under the Series 2013 B Bonds will be deemed forgiven on the 30th day of June in the fiscal year in which advanced. The Series 2013 B Bonds shall be deemed no longer Outstanding after the last advance is forgiven.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement (the "Bond Purchase Agreement") by and among the Issuer, the Authority and the DEP, dated June 27, 2013.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on May 14, 2013, and a Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS FORGIVABLE AND HAS NO LIEN ON THE NET REVENUES OR GROSS REVENUES OF THE SYSTEM.

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 (as defined in the Bond

Legislation) 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 payment of the Costs of the Project and costs of issuance described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the Registered Owner of this Bond.

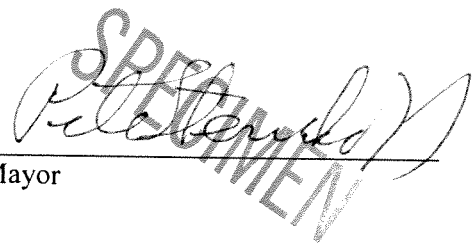
IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia.

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.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]



Mayor

ATTEST:

Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the Registered Owner set forth above, as of the date set forth below.

Date: June 27, 2013.

THE HUNTINGTON NATIONAL BANK
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $-0-	June 27, 2013	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

June 27, 2013

The City of Bluefield
Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program)

The City of Bluefield
Bluefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel to The City of Bluefield (the "Issuer"), a municipal corporation and political subdivision of the State of West Virginia in connection with its $1,358,924 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and a certified copy of proceedings and other papers relating to the authorization of (i) a Bond Purchase Agreement dated June 27, 2013, including all schedules and exhibits attached thereto (the "Bond Purchase Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), and (ii) the Bonds to be purchased by the Authority in accordance with the provisions of the Bond Purchase Agreement. The Bonds are issued in the principal amount of $1,358,924, in the form of one bond, bearing interest in the amount of 0.5% per annum, registered as to principal and interest to the Authority, with principal of and interest on the Bonds payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning September 1, 2014, to and including June 1, 2044 all as set forth in "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Bonds. The Series 2013 A Bonds are subject to an SRF Administrative Fee of 0.5% of the principal amount of the Series 2013 A Bonds as set forth in the Schedule Y attached to the Bond Purchase Agreement.

The Bonds are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (collectively, the "Act"), and the Bond Ordinance duly enacted by the Issuer on May 14, 2013, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Bond Purchase Agreement

has been undertaken. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Bond Purchase Agreement. All capitalized terms used herein and not defined herein shall have the same meanings set forth in the Bond Legislation.

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 Bond Purchase Agreement has been duly authorized by and executed on behalf of the Issuer and is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof.

2. The Bond Purchase Agreement inures to the benefit of the Authority and DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Issuer is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt or enact the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

4. The Bond Legislation and all other necessary ordinances and resolutions have been legally and effectively adopted or enacted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 and Exhibits of the Bond Purchase Agreement.

5. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"); (ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"); (iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds"); (iv) Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000 (the "Series 2004 Bonds"); and (v) Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

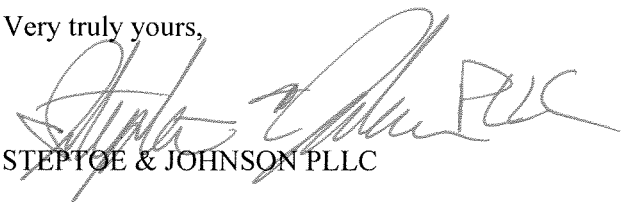
6. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

No opinion is given herein as to the effect upon enforceability of the 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 the executed and authenticated Bond numbered AR-1, and in our opinion the form of said bond and its execution and authentication are regular and proper.

Very truly yours,



STEPTOE & JOHNSON PLLC

079810.00008

101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

Bowles Rice LLP
ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

6000 Town Center Boulevard, Suite 210
Canonsburg, Pennsylvania 15317

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

June 27, 2013

The City of Bluefield
Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

The City of Bluefield
Bluefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to The City of Bluefield in Mercer County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, a Bond Purchase Agreement for the Bonds dated June 27 2013, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the " Bond Purchase Agreement"), a Bond Ordinance duly enacted by the Issuer on May 14, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation"), a Petition of the Sanitary Board dated March 26, 2013, and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Bond Purchase Agreement when used herein.

We are of the opinion that:

1. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, Clerk and members of the Board of Directors of the Issuer and the Sanitary Board have been duly and properly elected or appointed, as applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities. The Sanitary Board has been duly created by the Issuer and is validly existing as a sanitary board under the Act.

2. The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a

valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

4. The execution and delivery of the Bonds and the Bond Purchase Agreement and the consummation of the transactions contemplated by the Bonds, the Bond Purchase Agreement and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any ordinance, order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

5. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the DEP and the Public Service Commission of West Virginia and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of a sewer ordinance prescribing such sewer rates and charges dated March 27, 2012. The ordinance remains in full force and effect.

6. The Issuer has received a Recommended Decision of the Public Service Commission of West Virginia dated January 9, 2013 which became Final Order on January 29, 2013 in Case No.12-1355-S-CN, granting the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. An affidavit of CPA dated May 24, 2013 has been filed pursuant to such Order. Such Order remains in full force and effect.

7. To the best of our knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bond Purchase Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefore.

8. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug-free workplace plan and the contracts contain language that complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to construction, we will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Also, prior to construction we will review the submitted bids, the surety bonds or other evidence of insurance coverage in connection with the bids, to ensure that such surety bonds and policies (1) are in compliance with the project bidding specifications and requirements; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Bond Purchase Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Sincerely,

Bowles Rice

BOWLES RICE

079810.00008

BREWSTER, MORHOUS, CAMERON, CARUTH, MOORE, KERSEY & STAFFORD, PLLC

ATTORNEYS AT LAW

HAROLD D. BREWSTER, JR.
LAWRENCE E. MORHOUS
JERRY J. CAMERON
KERMIT J. MOORE
DAVID M. KERSEY
WILLIAM P. STAFFORD, II*
JERAD K. HORNE
BRIAN K. COCHRAN
W. BLAKE BELCHER **

418 BLAND STREET
P. O. BOX 529
BLUEFIELD, WEST VIRGINIA 24701-0529

TELEPHONE (304) 325-9177
TELECOPIER (304) 327-9178

www.brewstermorhous.com

DONALD T. CARUTH
(1950-2010)

*ALSO ADMITTED IN VA
** ADMITTED IN VA ONLY

May 21, 2013

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Re: 16.2 acres, Brush Creek (formerly part of Brushfork Public Service District and Three Parcels on Ada Road, Beaver Pond District, Mercer County, West Virginia

Dear Ladies & Gentlemen:

This firm represents The Sanitary Board of Bluefield (the "Board") with regard to a proposed project to upgrade Ada WWTP and certain pump stations, together with all appurtenant facilities (the "Project"), and provides this title opinion on behalf of the Board to satisfy the requirements of the West Virginia Department of Environmental Protection (the "DEP") with regard to the financing proposed for the Project. Please be advised of the following:

1. We are of the opinion that the Board is a duly created and existing entity pursuant to West Virginia Code § 16-13-1 *et seq.*, possessed with all the powers and authority granted to sanitary boards under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the DEP.

2. We are informed, that the Board has obtained approval for all necessary permits and approvals for the construction of the Project.

Writer's Direct Telephone: (304) 324-0345 Writer's Direct Telecopier: (304) 327-9178
Writer's E-Mail: jcameron@brewstermorhous.com

BREWSTER, MORHOUS, CAMERON, CARUTH,
MOORE, KERSEY & STAFFORD, PLLC

3. We have examined the records on file in the Office of the Clerk of the County Commission of Mercer County, West Virginia, the county in which the Project is to be located, being the Ada Plant and the two pump stations located on the 16.2 Acres, Brush Creek, and it is our opinion; that the Board has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the necessary property rights sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

4. That any deeds or other documents which have been acquired to date by the Board have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the Board.

Sincerely,

Brewster, Morhous, Cameron, Caruth, Moore,
Kersey & Stafford, PLLC

By: _____
Jerry J. Cameron - Member

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. BOND PURCHASE AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. SIGNATURES AND DELIVERY
15. BOND PROCEEDS
16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE
17. PUBLIC SERVICE COMMISSION ORDERS
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. PROCUREMENT OF ENGINEERING SERVICES
21. CLEAN WATER ACT
22. EXECUTION OF COUNTERPARTS

We, the undersigned MAYOR and CLERK of The City of Bluefield in Mercer County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify this 27th day of June, 2013, in connection with the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), issued in the original aggregate principal amount of $1,358,924 (the "Series 2013 A Bonds"), and Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), issued in the original aggregate principal amount of $229,550 (the "Series 2013 B Bonds"), both dated the date hereof (collectively, the "Series 2013 Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted May 14, 2013 and the Supplemental Resolution duly adopted June 11, 2013 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2013 Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues or any grants, or in any way contesting or affecting the validity of the Series 2013 Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2013 Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Series 2013 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2013 Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Series 2013 A Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Series 2013 Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

The Issuer will have the following Outstanding obligations which will rank on a parity with the Series 2013 A Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"); (ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"); (iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds"); (iv) Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000 (the "Series 2004 Bonds"); and (v) Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

The Series 2013 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2013 Bonds, the Issuer will obtain: (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 1998 A Bonds, Series 2000 A Bonds and Series 2010 B Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. The Series 2004 Bonds do not require consent. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Ordinances.

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

Bond Ordinance

Supplemental Resolution

Bond Purchase Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

Charter and Rules of Procedure

Oaths of Office of Officers and Board of Directors

Ordinance Creating Sanitary Board

Petition of Sanitary Board

Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Sewer Rate Ordinance

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

Minutes on Adoption and Enactment of Bond Ordinance

NPDES Permit

Evidence of Insurance

Prior Bond Ordinances

Consent of WDA

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "The City of Bluefield." The Issuer is a municipal corporation in Mercer County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Board of Directors, consisting of a Mayor, Clerk and four (4) directors, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

Name	Commencement Date	Termination Date
Linda Whalen, Mayor	July 1, 2009	June 30, 2013
Pete Sternoff	July 1, 2009	June 30, 2013
Mary Francis Brammer	July 1, 2009	June 30, 2013
Tom Blevins	July 1, 2009	June 30, 2013
Deb Sarver	January 25, 2011	June 30, 2013

Pete Sternoff was appointed acting mayor for purposes of the Series 2013 Bonds.

The duly elected or appointed members of the Sanitary Board for 2013 are as follows:

Name
Linda Whalen
Byron Satterfield
Claude Morgan, P.E.
Steve Danko
Richard Taylor

The duly appointed Clerk is Bobbi Kersey and acting Counsel to the Issuer is Bowles Rice, LLP, Charleston, West Virginia.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Series 2013 A Bonds.

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Series 2013 Bonds and the acquisition, construction and financing of the Project or the operation of the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Bond Purchase Agreement is in full force and effect.

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

The Issuer will serve the additional customers at the location(s) as set forth in Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Bond Purchase Agreement. All insurance for the System required by the Bond Legislation and the Bond Purchase Agreement are in full force and effect.

12. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated Costs of the Project, the sources of funds available to pay the Costs of the Project and the costs of financing of the Series 2013 Bonds.

13. RATES: The Issuer has duly adopted a sewer rate ordinance on March 27, 2012 setting rates and charges for the services of the System. The time for appeal of such sewer rate ordinance has expired prior to the date hereof without any appeal, and such rates are currently effective.

14. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Series 2013 Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by his or her manual signature, and the undersigned Clerk did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Series 2013 Bonds to a representative of the Authority as the original purchaser of the Series 2013 Bonds under the Bond Purchase Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

15. BOND PROCEEDS: A. On the date hereof, the Issuer received $185,727 from the Authority and the DEP, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

B. On the date hereof, the Issuer received $-0- from the Authority and the DEP, being a portion of the principal amount of the Series 2013 B Bonds. The balance of the principal amount of the Series 2013 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

16. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the *Bluefield Daily Telegraph,* a qualified newspaper published and of general circulation in The City of Bluefield, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Series 2013 Bonds described in such Bond Ordinance, stating that any person interested may appear before the Governing Body at the public hearing held at a public meeting of Governing Body on the 14th day of March, 2013, at 12:00 pm, at the City Hall and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

17. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Recommended Decision entered on January 9, 2013, which became Final Order on January 29, 2013 in Case No. 12-1355-S-CN, among other things, granting to the Issuer a certificate of convenience and necessity for the Project and approving the financing for the Project. An affidavit of CPA dated May 24, 2013 was filed pursuant to such Order. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The Order remains in full force and effect.

18. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Series 2013 Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer or the Sanitary Board has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2013 Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2013 Bonds.

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

22. EXECUTION OF COUNTERPARTS: This document may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same document.

WITNESS our signatures and the official seal of THE CITY OF BLUEFIELD on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to the Issuer

079810.00008

WITNESS our signatures and the official seal of THE CITY OF BLUEFIELD on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Mayor
_____	Clerk
_____	Counsel to the Issuer

079810.00008

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

CERTIFICATE OF ENGINEER

I, Stephen M. Johnson, Registered Professional Engineer, West Virginia License No. 18080, of Chapman Technical Group, Ltd., St. Albans, West Virginia, hereby certify this 27th day of June, 2013, as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments and improvements (the "Project") to the existing sewerage system (the "System") of The City of Bluefield (the "Issuer"), to be constructed in Mercer County, West Virginia, which acquisition and construction are being permanently financed by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Ordinance enacted by the Issuer on May 14, 2013, as supplemented by the Supplemental Resolution of the Issuer adopted June 11, 2013 (collectively, the "Bond Legislation") and the Bond Purchase Agreement for the Series 2013 Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated June 27, 2013 (the "Bond Purchase Agreement").

2. The Bonds are being issued (i) to pay the costs of acquisition and construction of the Project; and (ii) to pay certain costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and the Authority and any change orders approved by the Issuer, the Authority, the DEP and all necessary governmental bodies; (ii) the schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 32 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and Jerry Cameron, Esquire, counsel to the Issuer, will ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Vendor's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vii) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (viii) the successful bids include prices for every item on such bid forms; (ix) the uniform bid procedures were followed; (x) the Issuer has

obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (xi) the net proceeds of the Bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The Project will serve no new customers.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

CHAPMAN TECHNICAL GROUP, LTD.

(SEAL)

Stephen M. Johnson, P.E.
West Virginia License No. 18080

079810.00008

Bluefield Sanitary Board

Bluefield DEP SRF Project # C-544493

ADA PLANT AND PUMPS

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

A. COST OF PROJECT	TOTAL BUDGET	DEP-Green Funds	DEP-SRF Loan
1.Construction Contract #1 Breckenridge Corp	$968,000.00	$200,000.00	768,000.00
2. Construction Contract #2 Hughes Supply	$148,880.00	$29,550.00	119,330.00
2. Construction Contingency (5%)	$55,844.00		55,844.00
3.Technical Services			
Planning	$25,000.00		25,000.00
Basic Service	$138,250.00		138,250.00
RPR	$100,000.00		100,000.00
Special Services	$33,000.00		33,000.00
4. Legal/Project Attorney	$10,000.00		10,000.00
5. Legal / PSC Attorney	$15,000.00		15,000.00
6. Administrative	$50,000.00		50,000.00
7. Accountant	$25,000.00		25,000.00
8. Project Contingency			
Total of Lines 1 through 8	**$1,568,974.00**	**$229,550.00**	**$1,339,424.00**
B. COST OF FINANCING	$0.00		
9.Other Costs	$0.00		
a. Bond Counsel	$19,000.00		19,000.00
b. Registrar Fee	$500.00		500.00
TOTAL PROJECT COSTS	**$1,588,474.00**	**$229,550.00**	**$1,358,924.00**
C. SOURCE OF OTHER FUNDS	**$0.00**		
10. State Grants (DEP Green Funds)	**$229,550.00**	$229,550.00	
11. Other Grants	**$0.00**		
Size of Bond Issue	**$1,358,924.00**		

SLL. D

Shannon Bailey, Executive Director

Sanitary Board of Bluefield

5-23-13

DATE:

Mike Johnson, PE

Chapman Technical Group

5-23-13

DATE:

June 27, 2013

The City of Bluefield
Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

The City of Bluefield
Bluefield, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of The City of Bluefield (the "Issuer"), enacted March 27, 2012 and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Chapman Technical Group, Ltd., the Consulting Engineers to the Issuer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program) in the original aggregate principal amount of $1,358,924 (the "Series 2013 A Bonds"), and all other obligations secured by a lien on or payable from such revenues, including the Issuer's:

(i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds");

(ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds");

(iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds");

Michael D. Griffith, CPA, AFI
mgriffith@gcorpwv.com
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

(iv) Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000 (the "Series 2004 Bonds"); and

(v) Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

It is our further opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2013 A 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 the Series 2013 A Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Series 2013 A Bonds and the Prior Bonds.

Very truly yours,

Michael D. Griffith, CPA, AFI
Griffith & Associates, PLLC

MDG/dk

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Mayor of The City of Bluefield in Mercer County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of $1,358,924 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, dated June 27, 2013 (the "Series 2013 A Bonds"), and $229,550 Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, dated June 27, 2013 (the "Series 2013 B Bonds"), (collectively, the "Bonds" or the "Series 2013 Bonds"), on this 27th day of June, 2013, hereby certifies as follows:

1. I am the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance duly enacted by the Issuer on May 14, 2013, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 11, 2013 (the "Bond Legislation"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 27, 2013, the date on which the Bonds are being physically delivered in exchange for an initial advance of $185,727, being a portion of the principal amount of the Series 2013 A Bonds, and $-0-, being a portion of the principal amount of the Series 2013 B Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Legislation pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Department of Environmental Protection (the "DEP"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2013 A Bonds were sold on June 27, 2013, to the Authority, pursuant to a Bond Purchase Agreement dated June 27, 2013, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,358,924 (100% of par), at which time, the Issuer received $185,727 from the Authority and the DEP, being the first advance of the principal amount of the Series 2013 A

Bonds. No accrued interest has been or will be paid on the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2013 B Bonds were sold on June 27, 2013, to the Authority, pursuant to a Bond Purchase Agreement dated June 27, 2013, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $229,550 (100% of par), at which time, the Issuer received $-0- from the Authority and the DEP, being the first advance of the principal amount of the Series 2013 B Bonds. No accrued interest has been or will be paid on the Series 2013 B Bonds. The balance of the principal amount of the Series 2013 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

7. The Series 2013 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

8. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Series 2013 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before July 1, 2014. The acquisition and construction of the Project is expected to be completed by January 1, 2014.

9. The total Cost of the Project is estimated at $1,588,474. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2013 A Bonds	$1,358,924
Proceeds of the Series 2013 B Bonds	$ 229,550
Total Sources	$1,588,474

USES

Costs of Acquisition and Construction of the Project	$1,568,974
Costs of Issuance	$ 19,500
Total Uses	$1,588,474

10. Pursuant to Article V of the Bond Legislation, the following special funds or accounts have been created or continued relative to the Series 2013 Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2013 Bonds Construction Trust Fund;

(4) Series 2013 A Bonds Sinking Fund; and

(5) Series 2013 A Bonds Reserve Account.

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

(1) Series 2013 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2013 A Bonds Sinking Fund to cover capitalized interest.

(2) Series 2013 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2013 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2013 A Bonds will be deposited in the Series 2013 Bonds Construction Trust Fund as received from time to time and applied solely to payment of Costs of the Project, including costs of issuance of the Series 2013 A Bonds and related costs.

(4) The proceeds of the Series 2013 B Bonds will be deposited in the Series 2013 Bonds Construction Trust Fund as received from time to time and applied solely to payment of Costs of the Project, including costs of issuance of the Series 2013 B Bonds and related costs.

12. Monies held in the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on, if any, the Series 2013 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and Series 2013 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2013 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Legislation.

13. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 6 months of the date hereof.

14. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

15. With the exception of the amount deposited in the Series 2013 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 12 months from the date of issuance thereof.

16. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

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

18. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

19. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

21. The Issuer shall use the Bond proceeds solely for the Costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

22. The Bonds are not federally guaranteed.

23. The Issuer has retained the right to amend the Bond Legislation authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain public purpose or governmental bonds.

24. The Issuer has either (a) funded the Series 2013 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2013 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2013 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2013 A Bonds Reserve Account and the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay Costs of the Project.

25. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

26. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

27. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on the day and year first above written.

THE CITY OF BLUEFIELD

By: _____
Its: Mayor

079810.00008

CITY OF BLUEFIELD

RESOLUTION ON OPEN GOVERNMENTAL PROCEEDINGS RULES

Pursuant to Chapter 6, Article 9A, Section 3 of the West Virginia Code, the Council of the City of Bluefield does hereby adopt the following rules to make available, in advance, the date, time, place and agenda of all regularly scheduled meetings of the Council, and the date, time, place and purpose of all special meetings of the Council to the public and news media (except in the case of an emergency requiring immediate action) as follows:

1. Regular Meetings. A notice shall be posted and maintained by the City Clerk at the front door or bulletin board of the City Hall of the date, time and place fixed and entered of record by Council for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same location by the City Clerk not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is canceled or postponed, a notice of such cancellation or postponement shall be posted at the same location as soon as feasible after such cancellation or postponement has been determined.

2. Special Meetings. A notice shall be posted by the City Clerk at the front door or bulletin board of the City Hall not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is canceled, a notice of such cancellation shall be posted at the same location as soon as feasible after such cancellation has been determined.

These rules regarding notice of meetings shall replace any and all previous rules heretofore adopted by Council.

Adopted this 17th day of November, 2004.

Mayor

City Manager

ATTEST:

City Clerk

11/11/04
079810.00001

PART I

THE CHARTER*

1921 ACTS OF THE WEST VIRGINIA LEGISLATURE

(Senate Bill No. 169—Mr. Sanders.)

AN ACT to amend and reenact chapter nine of the acts of one thousand nine hundred and fifteen, relating to the charter of the City of Bluefield.

Be It Enacted by the Legislature of West Virginia:

That chapter nine of the acts of the Legislature of West Virginia, session of one thousand nine hundred and fifteen granting a charter to the City of Bluefield and subsequent acts amendatory thereof, be and the same are hereby amended and reenacted to read as follows:

Sec. 1. Corporate powers.

The inhabitants of the portion of the County of Mercer, in the State of West Virginia, within the limits of the City of Bluefield, as hereinafter set forth, shall be and continue a body politic and corporate, by the name and style of "The City of Bluefield," and as such, and by that name, shall have perpetual succession, and may contract and be contracted with, sue and be sued, plead or be impleaded, answer and be answered unto, and may purchase, acquire by condemnation proceedings for public use, take, receive, hold and use goods and chattels, lands and tenements and choses in action, or any interest, right or estate therein, either for the proper use of said city, or in trust for the benefit of any person or association therein; and the same may grant, sell, convey,

*Editor's note—The charter is reprinted herein as it appeared in the Code of the City of Bluefield of 1958, except that amendments thereto have been inserted in their proper places, deleted provisions omitted, amendments cited in parentheses following the amended sections, and section captions have in some instances been altered or expanded to more fully apprise the reader of the contents.

transfer and assign, let, pledge, mortgage, charge and encumber, in any case and in any manner in which it would be lawful for private individuals so to do, except where its powers may be limited by law; and may have and use a common seal, and alter and renew the same at pleasure; and generally shall have all the rights, franchises, capacities and powers appertaining to municipal corporations in this state.

All real and personal estates, and all funds, rights, titles, taxes, credits and claims, and rights of action owned by the City of Bluefield immediately before this charter takes effect or which are then held in trust or have been appropriated for the use or benefit of said city or of the inhabitants thereof, shall be and the same are hereby transferred to and vested in the City of Bluefield under this charter.

All lawful contracts with and all lawful rights, claims and demands against the City of Bluefield, at the time this charter takes effect, shall be good in law against the said city under this charter.

Sec. 2. Corporate limits.

The corporate territorial limits of the City of Bluefield shall comprise all that district of country situate in the County of Mercer and State of West Virginia, to wit:

Beginning at the intersection of the state line between Virginia and West Virginia with the center of a street between Bluefield, West Virginia, and Graham, Virginia, known as "Bluefield Avenue," east of the state line and "Graham Avenue" west of the state line; thence with the state line north 49 degrees 34 minutes west 3,058 feet to a stone corner 740 feet north of Stony Ridge; thence north 68 degrees 35 minutes east 21,817 feet to a stone corner on the north side of Stony Ridge; thence south 23 degrees 25 minutes east, crossing Stony Ridge at 454 feet and running along the west side of the county road overhead bridge 3,816 feet to a point on top of Valley Ridge; thence following the dividing line of Valley Ridge in a southwestern direction 5,768.5 feet to a point on top of said

ridge, dividing the property of R. W. Tuggle and Marinda Wilson; thence along the said dividing line in a southeastern direction 6,919.5 feet to a black oak at the Cumberland Gap turnpike; thence in a northwesterly direction with said line dividing Virginia from West Virginia to the beginning.

Sec. 3. Wards.

The said city shall be divided into eight wards, the boundaries of which are shown on a certain map of the City of Bluefield which designates the precincts and ward lines as changed and amended, and which map shall be maintained in the office of the city engineer of the City of Bluefield, West Virginia, for a more complete description of same:

Ward No. 1: Shall contain and encompass the boundaries of precincts 10, 11, 15, 16, 17 and 18.

Ward No. 2: Shall contain and encompass the boundaries of precincts 12, 13, 19, 20, 21 and 22.

Ward No. 3: Shall contain and encompass the boundaries of precincts 14, 23 and 24.

Ward No. 4: Shall contain and encompass the boundaries of precincts 33, 34 and 35.

Ward No. 5: Shall contain and encompass the boundaries of precincts 25 and 26.

Ward No. 6: Shall contain and encompass the boundaries of precincts 31 and 32.

Ward No. 7: Shall contain and encompass the boundaries of precincts 28, 29 and 30.

Ward No. 8: Shall contain and encompass the boundaries of precincts 27 and 36.

The board of directors of said city shall, from time to time, create and establish voting precincts in said several wards so that for every three hundred voters a voting precinct shall be created, and said board of directors shall designate the territorial limits and boundaries of such voting precincts as may

be created, all of which may be done by ordinance or resolution unless additional precincts are created before this act takes effect, but no new precinct shall be established or the boundary line of any precinct changed within thirty days of any election. The voting precincts of said city shall be established within the ward divisions. (Amend. 1960)

Editor's note—In 1971, by virtue of annexation, there was created city precincts 15 and 16, as distinguished from county precincts above indicated, which new precincts are in ward 8; for descriptions of such precincts, see §§ 5-5 and 5-6, respectively, of the Code of Ordinances.

Sec. 4. Districts.

The City of Bluefield shall be divided into five districts as follows: District number one shall include all of that section of the city now known as ward number four as herein set forth; district number two shall include all of that section of the city now known and designated as ward number eight as herein defined; district number three shall include and consist of ward numbers one and two as herein defined; district number four shall include and consist of all that section of the city, bounded on the north by the Norfolk and Western railway, on the east by the corporate limits, on the south by district number two, and on the west by Federal Street; district number five shall include and consist of that section of the city lying north of the Norfolk and Western railway line and extending to the corporate limits on the west, north and east.

Sec. 5. Voting.

Every person qualified by law to vote for members of the legislature of the state, who shall have been a resident of said city for at least sixty days preceding the election, shall be entitled to vote at elections for corporate authorities and on questions authorized by law to be determined by popular vote.

Sec. 6. Election times; regulations; providing for voter registration.

The first election for a board of directors under this charter shall be held on the first Tuesday in July, one thousand

nine hundred and twenty-one, provided this charter is approved by the voters as hereinafter set out, and every regular city election of a board of directors shall be held every four years thereafter, on the first Tuesday in June. Said first election shall be conducted and the result ascertained and declared in the manner specified respecting elections in said city for municipal officers immediately preceding the time this charter takes effect, except that the officers to be elected shall be as prescribed by this chapter. Thereafter, such elections for a board of directors shall be held as provided by chapter three of the Code of West Virginia insofar as the same is applicable and in such manner as may be ordained by the board of directors not inconsistent with the general election laws of this state. All other elections or votes on any question by the qualified voters of said city, shall be held or taken at such places under the superintendency of such person and subject to such regulations as are consistent with the laws of the state and ordained by the board of directors. The board of directors shall by ordinance, provide for such regulations for the registration of voters as may be rendered necessary by state law. (Ord. No. 77-2, § 4-26-77)

State law reference—Registration of voters, W.Va. Code, § 3-5-13.

Sec. 7. Governing body.

Said city shall have a board of directors of five members. All directors shall serve for a term of four years and until their successors are elected and have qualified, unless sooner removed from office. They shall be residents of the city and qualified voters therein. The board of directors shall appoint, within ten days after their election, one of their number as their chairman or presiding officer, who shall be known officially as mayor of the city and recognized as such for ceremonial purposes and for the purpose of being served with civil processes against the city, and for the performance of all duties imposed upon him by this charter. A majority vote of all the members of the board of directors elected shall be necessary for the election of such chairman. The mayor shall hold his office as such at the pleasure of the board of directors.

The board of directors shall promulgate, maintain and enforce for themselves and all of the other officers and employees of the city an ordinance prohibiting conflicts of interest. Any member of the board violating such ordinance shall be automatically removed from office. (Ord. No. 88-10, 11-15-88)

Sec. 8. Meetings of board of directors.

The first meeting of such board of directors shall be held on the first Tuesday of August next succeeding their election, or as soon thereafter as practicable, or as soon as a quorum of members shall be in attendance thereafter, in the room or chamber in the city hall in said city, or at such other public place in said city as the majority of such members shall select, the residue of such members having first received reasonable notice of the time and place of the meeting, and the same publicly announced.

Subsequent meetings shall be held at such place in said city hall or elsewhere in said city, and (commencing at such hour as the board of directors shall from time to time determine), on Tuesday of each week, unless a legal holiday shall occur on that day, in which event the meeting shall be held on the succeeding Wednesday. The board of directors may hold special meetings at the place selected for their regular meetings, commencing at such hour as they shall determine. Special meetings of the board of directors may be called by the mayor, or any three members thereof. All meetings of the board of directors shall be open to the public.

Sec. 9. Vacancies.

A majority of the board of directors elected shall have authority at any meeting of the directors to appoint one of

their number to serve pro tempore as chairman or mayor in the event of the absence from the city, or such meeting, or disability of the regular mayor. Vacancies in the board of directors shall be filled by a majority of the remaining members for the unexpired term but any vacancy arising from a recall election shall be filled in the manner provided in such case. In the event of the death or resignation of the regular mayor the vacancy in the office of mayor for the unexpired term shall be filled by the board of directors.

Sec. 10. Salaries and compensation of directors.

Directors shall be paid fifteen dollars each for every regular meeting they attend, and the mayor shall be paid sixteen dollars for like attendance, but no compensation shall be allowed for special meetings, nor for any committee meeting of the board of directors.

No extra compensation shall be granted or allowed to any member of the board of directors, agent or servant of the city, or contractor therewith after the services shall have been rendered or the contract made; nor shall any payment be made of any claim or part thereof, created against the city, under any agreement or contract made without express authority of law; and all such unauthorized agreements shall be null and void. Nor shall the salary or compensation of any member of the board of directors be increased or diminished during his term of office. No member of the board of directors shall receive any additional emolument, allowance or perquisite on any account, save the compensation hereinbefore in this section provided.

The increase in salary of members of the board of directors, including the mayor of the said city as hereinabove set out shall not become effective until the election and qualifications of the board of directors following the general election for said board to be held in said city on the second day of July, 1957, and to continue in full force and effect thereafter unless and until changed by proper charter amendments as provided by law. (Amend. 1957)

Sec. 11. Restrictions on eligibility of directors.

No person holding a lucrative office under this state, the United States, or any foreign government; no member of congress, no person who is a sheriff, justice of the peace, constable, or clerk of any court of record shall be eligible to a seat on the board of directors. No person who has been, or hereafter shall be convicted of bribery, perjury or other infamous crime shall be eligible to a seat on the board of directors. No person who may have collected or been entrusted with public money, whether of a state, county, township, district or any municipal corporation, shall be eligible to the board of directors, or to any office of honor, trust or profit in the city, until he shall have duly accounted for and paid over such money, according to law.

Sec. 12. Legislative procedure.

The board of directors shall be judge of the election and qualifications of its members, subject to the provisions of section six of this charter. A majority of all members elected shall constitute a quorum to do business, and the affirmative votes of a majority of all members elected shall be required for the adoption of any ordinance or resolution. Every ordinance or resolution passed by the board of directors shall be signed by the mayor or mayor pro tempore and filed with the clerk within two days and by him recorded.

Sec. 13. Employees.

The board of directors shall employ the following named officers of the city, to wit: A city manager, who shall be the administrative head of the municipal government and who shall be responsible for the efficient administration of all departments; a clerk, who shall be known as city clerk, who shall keep all records of the meetings of the city board of directors, and perform such other duties as may be required by this charter or the board of directors; a city solicitor; a city treasurer, who shall perform such duties as are prescribed in this charter or as the city board of directors by ordinance shall prescribe; a judge of police court, and such

commissioners of municipal loans and bond issues as may be required by law of the state or city ordinance. All employees of the board of directors shall hold office at the pleasure of the board of directors and receive such compensation therefor as the board of directors may determine.

Sec. 14. City manager's powers and duties.

The duties and powers of the city manager shall be:

(a) To see that the laws and ordinances are enforced;

(b) To appoint all officers of the city, except members of the city board of directors and the officers such city board of directors is hereby authorized to appoint, and to employ, or cause to be employed, all employees of the city, the officers by him appointed and such employees he shall appoint or cause to be appointed, to continue in their offices or employment during his pleasure or that of his successor as such city manager, but all appointments or employments shall be upon merit and fitness alone;

(c) To exercise supervision and control over all departments and divisions created herein or that hereafter may be created by the board of directors, except the board of directors and other officers by it appointed;

(d) To attend all meetings of the board of directors with the right to take part in discussions, but having no vote;

(e) To recommend to the board of directors for adoption such measures as he may deem necessary or expedient;

(f) To keep the board of directors fully advised as to the financial condition and needs of the city;

(g) To supervise the conduct and performance of their duties by other officers and employees of the city, except the members of the city board of directors, reporting to such board of directors any failure of performance of duty by any of the other appointees of such board

of directors, and enforcing the proper performance of their duties by the officers appointed by him and by the city employees, to the end that the city's business shall be efficiently and economically transacted; and

(h) To perform such other duties as may be prescribed by this charter or be required of him by ordinance or resolution of the board of directors.

(i) The city manager shall faithfully adhere to the requirements of any ordinance prohibiting conflicts of interest and shall be automatically removed from his office for any violation of the same. (Ord. No. 88-10, 11-15-88)

Sec. 15. Appointments and bonds.

The city manager shall have authority to provide for the appointment of such officers, the appointments of whom are not vested in the board of directors, as shall be necessary or proper to carry into full effect any authority, power, capacity or jurisdiction which is or shall be vested in the City of Bluefield, or in the board of directors thereof, or in such city manager; to grant, in writing, to the officers so appointed the powers necessary or proper for the purposes above mentioned; to define their duties in writing; to allow them reasonable compensation (said compensation to be approved by the board of directors); and to require and take of all or any of them such bonds, obligations or other writings as he shall deem necessary or proper to insure the proper performance of their several duties.

All bonds, obligations or other writings taken in pursuance of this section, as well as all other bonds given to the City of Bluefield, shall be made payable to such city, and the respective persons or corporations, their heirs, executors, administrators and successors bound thereby, shall be subject to the same proceedings on the said bonds, obligations or other writings for enforcing the conditions and terms thereof, by motion or otherwise, before any court of record whose sessions are or shall be held in said Mercer County, that collectors of

the county levies and their securities are or shall be subject to on their bonds for the enforcing of the payment of such levies.

Sec. 16. Oath; residence requirement.

Every city officer, before he enters upon the duties of his office, shall make, before someone authorized by law to administer oaths, and file with the city clerk (or in the case of the first one of the board of directors elected under this charter with the city auditor), an oath or affirmation to support the Constitution of the United States and of the State of West Virginia, and to perform faithfully, honestly and impartially the duties of his office, to the best of his skill and judgment. No person, except citizens of said city shall be elected or appointed to any municipal office therein, except the city manager, who may be a nonresident of the city at the time of his appointment.

Sec. 17. Bonds of officers.

Each member of the board of directors shall give a good and sufficient bond, payable to the city, in the sum of one thousand dollars, conditioned for the faithful performance of his duties and with a corporate surety authorized to do business in the State of West Virginia, or with such other surety or sureties as may be approved by a judge of the circuit court of Mercer County, and such bonds shall be filed with the clerk of said court, after being approved as to form and security by such judge. Such officers and employees of the city as the board of directors may determine by ordinance, shall, respectively, furnish and file, after approval thereof by the board of directors, as to form and security, their bonds with the said clerk of the city in such penalties, respectively, and with such conditions as are fixed by such ordinance, with such corporate or other surety or securities hereinbefore mentioned, payable to the city. The furnishing of such bond shall be a necessary part of the qualification of such officers and employees. The bonds of all appointive officers required to give bond shall also be approved, as to form, by the city

solicitor. All premiums payable to surety companies shall be paid by the city. No officer or employee of the city of whom a bond is required, shall enter into the discharge of his official duties or of the duties which he is employed to discharge, until his bond has been approved and duly filed.

Sec. 18. Form of representation.

The membership of the city board of directors shall be apportioned among the districts of the city to the exent of one member from each of the five districts. All members of the board of directors shall be nominated and elected at large, but shall be selected from their districts respectively. The filling of any vacancy shall take into account the district of the member whose place has been vacated, and his successor must reside in such district. Removal from a district shall vacate the seat of a member of the board of directors residing in such district at the time of his election, and in all cases the removal of a member of the board of directors from the city shall cause the seat of the removing member to become vacant at once.

Sec. 19. Municipal primary; election officers; election procedure.

Candidates to be voted for at all general municipal elections at which members of the board of directors are to be elected under the provisions of this charter (but not at special recall elections), shall be nominated by a primary election, and no other names shall be printed upon the ballots used at the general election except those selected in the manner hereafter prescribed. The primary election for such nominations shall be held on the second Tuesday of June preceding the general municipal election. The judges and clerks of any primary or general municipal election shall be selected by the board of directors in the manner provided for the selection of such election officers by chapter three of the Code of West Virginia, except that the duties therein provided to be performed by the county court shall be performed by the board of directors, and the duties therein provided to be performed

by the county executive committee or county chairmen of the dominant political parties shall be performed by the city executive committees or city chairman of such dominant political parties, and except that such election officers shall be appointed by the board of directors at least ten days before any such election, and except further that the duties to be performed by the clerks of the circuit or county court shall be performed by the city clerk. The council of said city, as constituted just before this charter takes effect, shall appoint the judges and clerks for the first primary and general election to be held hereunder, as provided in this section.

Nominating Petitions

The name of any person desiring to become a candidate for board of directors shall be printed upon the primary ballots, if ten days prior to said primary election there be filed with the city clerk a petition requesting such privilege, signed by at least twenty-five and not more than fifty qualified voters of his district. Each petition shall be verified by the affidavit of one or more credible persons as to the qualifications and residence of each of the persons so signing the said petition. Said petition shall be in form or effect as follows:

"The undersigned, duly qualified electors of the City of Bluefield and residing at the places set opposite our respective names hereto, do hereby request that the name of (name of candidate) be placed on the ballots as a candidate for nomination for (name of office) at the primary election to be held in such city on the second Tuesday in June, 19..... We further state that we know him to be a qualified elector of said city and a man of good moral character, and qualified, in our judgment, for the duties of such office.

Names of qualified electors .....
Number ..... Street."

Any person whose name has been submitted for candidacy by any such petition shall file his acceptance of such candidacy with the city clerk not later than twenty days before the day of the primary election, and in the absence of such acceptance the name of the candidate shall not appear on the

ballots. Immediately upon the expiration of the time of filing the petitions for and acceptance of the candidates, the city clerk shall cause to be published in all the daily newspapers of the city once, in proper form, the names of the persons as they are to appear upon the primary ballots; and the said clerk shall thereupon cause the primary ballots to be printed, authenticated with a facsimile of his signature. No candidate shall circulate his own petition for nomination, and the name of any such candidate circulating his own name for nomination shall be omitted from the primary ballot.

The ballots shall be printed upon plain, substantial white paper, without party mark or designation, and shall contain the names of the candidates in alphabetical order in their respective districts. The ballots shall be substantially in the following form or to the following effect, to wit:

"*Official Primary Ballot*

Candidates for Nomination for Board of Directors of the City of Bluefield at the Primary Election.

(Place a cross in square to the left of the name of the person for whom you desire to vote).

For Member of the Board of Directors.

(Vote for one in each district.)
Names of Candidates

Official ballot, attest:

Facsimile of the signature _____ City Clerk."

Proceedings of Election

Having caused said ballot to be printed the said city clerk shall cause to be delivered at each polling place a number of said ballots equal to twice the number of votes cast in such polling precinct at the last general municipal election. The persons who are qualified to vote at the general election shall be qualified to vote at such primary election, and challenges can be made by not more than two persons, to be appointed at the time of opening the polls by the judges of election;

and the law applicable to challenges at a general municipal election shall be applicable to challenges made at such primary election. The judges of election in each precinct shall, immediately upon the closing of the polls, count the ballots and ascertain the number of votes cast in their precinct for each of the candidates, and make return thereof on proper blanks, properly sealed, to the city clerk within six hours of the closing of the polls, and post duplicate return blanks on the outside of the voting place. On the day following the said primary election the said city clerk shall canvass said returns so received from the polling precincts, and shall make and publish in all the newspapers of said city, at least once, the result thereof. Said canvass by the city clerk shall be publicly made. The two candidates receiving the highest number of votes for board of directors from each district, shall be the candidates and the only candidates whose names shall be placed upon the ballots at the next ensuing general municipal election. In the event of the death of or resignation of a nominee before the election, the name of the candidate receiving the next highest number of votes at the primary, in his district, if such nominee was nominated in a district, shall be placed on the ticket in his stead.

When more than two persons shall have an equal number of votes for the same nomination and more than the other candidates, so that there is no choice at the primary, the city clerk shall determine by lot the two names of those voted on at the primary, and tied as aforesaid, to be placed on the ballot for the next ensuing regular election, and whenever in any other case no choice of candidate is made at a primary by reason of a tie vote, such clerk shall also determine by lot who of those so tied shall have his name placed on the ballots for the next ensuing regular election.

The ballot at such general municipal election shall be in the same general form as for such primary election, so far as practicable.

The necessary and legitimate expense of the holding of any such primary, as well as of any regular or special municipal election in said city for ballot, stationery, forms, ballot boxes,

booths, voting places, judges and clerks and notices of the election shall be paid by the city. At every such primary election and at every other municipal election in said city, regular or special, the polls shall open and close as provided by state law.

Insofar as the first primary election under this charter is concerned, the duties by this section imposed upon the city clerk, shall be performed by the recorder of the city in office when this act takes effect, and the words "city clerk" as hereinbefore used in this section, shall be construed as meaning such recorder in respect of such first primary. (Amend. 1972)

Sec. 20. Removal of directors, recall election.

The city board of directors may be removed from office by the electors qualified to vote for their successors. The procedure to effect the removal shall be as follows:

A petition signed by electors entitled to vote for such successors equal in number to at least twenty per centum of the entire vote cast at the last preceding general municipal election, demanding an election of a successor or successors of the person or persons sought to be removed, shall be filed with the city clerk, which petition shall contain a general statement of the grounds for which the removal is sought. The signatures of the petition need not all be on one paper, but each signer shall add to his signature his place of residence, giving the street and number. One of the signers of each of such papers shall make oath before an officer competent to administer oaths, that the statements therein made are true as he believes, and that each signature on the paper is the genuine signature of the person whose signature it purports to be. Within ten days from the date of filing such petition, the city clerk shall examine and ascertain whether or not said petition is signed by the requisite number of qualified electors, and, if necessary, the board of directors shall allow him extra help for that purpose, and he shall attach to said petition his certificate, showing the result of said examination. If, by the clerk's certificate, the petition is shown to

be insufficient, it may be amended within ten days from the date of said certificate. The clerk shall, within ten days after such amendment, make like examination of the amended petition, and, if his certificate shall show the same to be insufficient, it shall be returned to the person filing the same, without prejudice, however, to the filing of a new petition to the same effect. If the petition shall be deemed sufficient by him, the clerk shall submit the same to the city board of directors without delay. If the petition shall be found by it to be sufficient, the city board of directors shall order and fix a date for holding said election of such a successor or successors, not less than thirty days nor more than forty days from the date of the clerk's certificate to the city board of directors that a sufficient petition is filed.

Special Recall Election

The city board of directors shall make or cause to be made, publication of notice and all arrangements for holding such election, and the same shall be conducted, returned and the result thereof declared in all respects as are other city elections. Nominations of candidates to be voted on at such election shall be made without the intervention of a primary election, by filing with the city clerk at least ten days prior to said special election, a statement of candidacy accompanied by a petition signed by electors entitled to vote at said special election, equal in number to at least ten per centum of the entire vote cast in the district at the last preceding general municipal election, for which said candidate is to be elected, which said statement of candidacy and petition shall be substantially in the form set out in section eighteen of this act, so far as the same is applicable, substituting the word "special" for the word "primary" in such statement and petition and stating therein that such person is a candidate for election instead of nomination, and making such other necessary changes therein to adapt the same to the case of such special recall election. But the person sought to be removed shall have his name placed on the ballots for use at such election, as a candidate to succeed himself, without nomination, unless he requests the city clerk otherwise in writing.

The ballot for such special election shall be in substantially the following form or to the following effect:

"Official Ballot

Special election for the balance of the unexpired term of (here name the person or persons whose unexpired term or terms are to be filled, designating the district). For member of the city board of directors _____ District, (designating the district) of the City of Bluefield, West Virginia.

(Vote for one only)

( ) Names of candidates.

( ) Name of present incumbent.

If more than one vacancy is to be filled, add for each vacancy: For member, of the city board of directors from the _____ district, designating the district.

(Vote for one only)

( ) Names of candidates.

( ) Name of present incumbent.

Official ballot - attest:

Facsimile of the signature _____

City Clerk."

The successor of any member of the city board of directors so removed shall hold office during the unexpired term of his predecessor. In any such removal election, the candidate receiving the highest number of votes shall be declared elected. At such election, if some other person than the incumbent receives the highest number of votes, the incumbent shall thereupon be removed from the office upon the qualification of his successor. In case the person who received the highest number of votes shall fail to qualify within ten days after the result of the election is ascertained, the office shall be deemed vacant. If the incumbent receives the highest number of votes, he shall continue in office. The said method of removal

shall be cumulative and additional to other methods provided by law. No recall petition shall be filed within ninety days succeeding or preceding any regular city election.

The city manager shall be subject to recall, according to the procedure for the recall of members of the city board of directors in this section, so far as practicable, except that the ballots shall give the name and title of this employee, followed by the words, with appropriate voting squares to the left: "For recall," and "Against recall." Should a majority of the votes cast be in favor of recalling the employee subject to this provision, the city board of directors shall forthwith choose a successor to the employee so recalled.

Sec. 21. Initiative and referendum.

Any proposed ordinance may be submitted to the city board of directors by petition, signed by electors of the city equal in number to the percentage hereinafter required. The signatures, verification, authentication, inspection, certification, amendment and submission of such petition shall be the same as provided for the petition first named in the next preceding section.

If the petition accompanying the proposed ordinance be signed by such electors equal in number to fifteen per centum of the votes cast at the last preceding general municipal election in the city, and contains a request that the said ordinance be submitted to a vote of the people, if not passed by the board of directors, the board of directors shall either:

(a) Pass such ordinance without alteration within twenty days after attachment of the clerk's certificate of sufficiency to the accompanying petition, or

(b) Forthwith after the clerk shall attach to the petition accompanying such ordinance his certificate of sufficiency, the board of directors shall call a special election, unless a general municipal election is to be held within ninety days thereafter, and at such special or general municipal election, such ordinance shall be submitted without alteration to the vote of the electors of

said city. But if the petition is signed by less than fifteen per centum and not less than ten per centum of the electors, as above defined, then the board of directors shall within twenty days, pass said ordinance without change, or submit the same at the next general municipal election occurring not less than thirty days after the clerk's certificate of sufficiency is attached to said petition.

Referendum Features

The ballot used when voting upon said ordinance, shall contain these words: "For the ordinance" and "Against the ordinance," stating the nature of the proposed ordinance. If a majority vote be in favor thereof, such ordinance shall thereupon become a valid and binding ordinance of the city, and the ordinance proposed by petition, or which shall be adopted by a vote of the people, cannot be repealed or amended except by a vote of the people. Any number of proposed ordinances may be voted upon at the same election, in accordance with the provisions of this section; but there shall not be more than one special election in any period of six months for such purpose.

The board of directors may submit a proposition for the repeal of any such ordinance or for amendments thereto, to be voted upon at any succeeding general city election; and should such proposition so submitted receive a majority of the votes cast thereon at such election, such ordinance shall thereby be repealed or amended accordingly.

Whenever the people have properly petitioned for the submission of a bond issue to a referendum vote there shall not be any other bond issue submitted at the same election.

Whenever any ordinance or proposition is required by this charter to be submitted to the voters of the city at any election, the city clerk shall cause such ordinance or proposition to be published once in all daily newspapers published in said city; such publication to be not more than twenty days nor less than five days before such election.

Sec. 22. Stay of ordinance.

No ordinance, resolution or action of the city board of directors changing the district boundaries or otherwise redistricting the city, or annexing any municipality or territory, or granting to any corporation, firm, person or association or combination of persons, any privilege, right, license, easement or franchise, to establish, maintain or conduct in the city any public utility, except when otherwise required by the general laws of this state, or by the provisions of this charter, shall go into effect before thirty days from the time of its final passage, and not then unless within two days after passage, Sundays and holidays excepted, the same shall have been published in all daily newspapers published and generally circulated in said city. And if during said thirty days a petition signed by electors of the city, equal in number to at least fifteen per centum of the entire vote at the last preceding regular general municipal election, protesting against the passage of such ordinance, resolution or action be presented to the board of directors, the said ordinance, resolution or action shall thereupon be suspended from going into operation, and it shall be the duty of the board of directors to reconsider the same, and if the same is not entirely repealed, the board of directors shall submit the ordinance, resolution or action, as is provided in relation to referendum of ordinances, to the vote of the electors of the city either at the next general municipal election or at a special municipal election to be called for that purpose, and such ordinance, resolution or action shall not go into effect or become operative unless a majority of the qualified electors voting on the same shall vote in favor thereof. Said petition shall be in all respects in accordance with the provisions of the last section (except that is must be signed by the number of electors in this section specified), and examined and certified to by the clerk in all respects as in the last preceding section.

Sec. 23. Petition requirements.

Petitions provided for in this charter shall be signed by none but legal voters of the city. Each petition shall contain, in addition to the names of the petitioners, the street and

number of the house, or if no number or street is designated, then the district in which the petitioner resides must be given. It shall also be accompanied by the affidavit of one or more legal voters of the city, stating that the signers thereof were, at the time of the signing, legal voters of said city.

Sec. 24. Control of streets.

The board of directors shall have the custody and control of the streets, alleys and public grounds of the city, with all the powers with reference thereto, which are held by the city immediately before this charter takes effect, and all such powers as are now or hereafter shall be held by boards of directors of cities, towns and villages organized under the general laws of the state; subject, however, to the provisions of this charter.

Sec. 25. Franchise restrictions.

Franchises, rights or privileges may be granted by the board of directors, allowing to persons, firms or corporations, for a limited time, such occupancy of portions of the streets, alleys or public grounds of the city, as may be deemed by it necessary for works of public utility and service, such as steam railroad tracks, street railway tracks, poles and trolley wires, telephone and telegraph poles, electric light and other electric poles, wires and conduits, and subways, and water, gas, steam and heating pipe lines. But no franchise, right or privilege shall hereafter be granted by the city board of directors, except under the following restrictions and conditions:

First: No ordinance granting any franchise, right or privilege, for the use of the streets, alleys or public grounds of the city, for any of the purposes of public utility above named, or for any other purpose of like nature, shall be passed unless it shall have been first offered at a regular meeting of the city board of directors, and notice of the object, nature and full extent of such franchise, right or privilege shall have been published daily for at least thirty days (Mondays excepted) by the applicant, in some daily paper published in the City of Bluefield before being acted

upon. The vote thereon shall be taken by ayes and noes and the same entered upon the journal of the proceedings at the meeting of the board of directors.

Second: If no time be expressly provided in the grant, the franchise, right or privilege shall be granted for one year only, and in no case shall the same extend for a period exceeding thirty years. No shall any grant of a franchise, right or privilege be made without reservation on the part of the city of the right to alter, amend or repeal the same at any time during its term, should the grantee fail to do those things which the said grant of franchise, right or privilege stipulates that the grantee shall do, or, should the grantee do such things as by the said grant of franchise, right or privilege the grantee is prohibited from doing; provided, that after notice by the city to the grantee, specifying wherein the grantee has failed to comply with the terms of the grant, the grantee shall not within three months from the service of such notice comply with such terms.

Third: No grant of any franchise shall be made without, at the time of making it, providing that the grantee shall indemnify the city against all damages caused by the construction, operation or maintenance of any works, under the grant. All reasonable additional provisions and conditions may be made for the protection of the public from unnecessary damages or inconvenience by reason of such works and the maintenance or operation thereof.

Fourth: No grant of any franchise, rights or privilege shall be made without, at the time of making it, providing that the city shall receive in consideration therefor, a compensation, to be paid annually during the whole period; provided, however, that the principle of competition shall be employed by the city board of directors where the same is offered, so that the franchise, right or privilege with prescribed terms and conditions as to its extent, and as to the rates to be charged the public by it for its services will be given to the person, firm or corporation bidding or agreeing to pay therefor to the city the highest compensa-

tion, or so that the franchise, right or privilege with prescribed conditions as to its extent and the compensation that must be paid therefor, will be given to the person, firm or corporation that will agree to render service to the public at the lowest rates. But where revenue or tolls to be charged the public and revenue to the city are joint points of deliberation, the city board of directors may take both into consideration with probable good or ill service of competing applicants, and grant any such franchise to the applicant, the grant to whom will result in the greatest benefit to the largest number of citizens of the city, in the board of director's judgment.

Fifth: The board of directors shall, in suitable terms, make it an express condition of the grant of any such franchise, right or privilege, where it is for a work that is useful chiefly to the local public, that at the expiration of such franchise, grant, right or privilege, the grantee shall, if required by the board of directors, sell to the city the physical plant in the city, at what it is then worth, independent of any value based upon the earning power thereof, and may also provide a means of arbitration or otherwise for determining what such value may be; provided, the city is authorized by law to use, maintain and operate such plant.

Sixth: In case a petition for stay of ordinance is presented, in accordance with section twenty-two, and a special election is called for the purpose of accepting or rejecting the application for a franchise, right or privilege, the applicant for the same shall deposit with the city, the amount of expenses of said election, which shall be applied to the payment of such expenses, if the franchise is granted, otherwise to be returned to the applicant.

Seventh: No franchise, right or privilege referred to in this section can be granted unless on the affirmative vote of a majority of the membership of the board of directors.

Eighth: The provisions of this section, however, shall not apply to grants made under section twenty-eight of this act.

Sec. 26. Further franchise provisions.

No renewal of any franchise, right or privilege for any such work of public utility or service as is mentioned in the next preceding section, granted for a period of more than three years, shall in any manner be granted until within three years of the time of its expiration.

Sec. 27. Vacation of franchise.

The nonuser of a franchise, right or privilege, for a period continuously of one year, shall vacate and annul the same.

Sec. 28. Private switch grants.

Permission may be given to a person, firm or private corporation, not engaged in conducting a public utility business, to place a switch or tramway on a part of a public street or alley, at grade, for his own or its own use, but the grant shall be so limited as not to exceed ten years, and a charge, in the nature of an annual rental or license charge for the same, payable to the city, may be fixed by the board of directors.

All grants under this section shall be subject to the following restrictions and conditions:

If no time is expressly provided in the grant, it shall be for one year only.

It shall provide that the grantee shall indemnify and save harmless the city against all suits, loss or damage, by reason of the construction or maintenance of such switch or tramway, and that said grant may be altered, amended or repealed upon satisfactory evidence that the grantee has failed to comply with its provisions. Reasonable provisions must be made to protect the public from unnecessary damage or inconvenience by reason of such switch or tramway and the operation or maintenance thereof.

Sec. 29. Ordinances, etc., available for public inspection before enactment; franchises, etc., by ordinance.

Every ordinance, resolution or action appropriating money or ordering any street improvement or sewer or making or

authorizing the making of any contract, or granting any franchise, or right to occupy or use the streets, highways, bridges or public places in the city, or any part thereof, for any purpose shall be complete in the form in which it is finally passed, and remain on file with the city clerk for public inspection at least one week before the final passage or adoption thereof. No franchise, or right to occupy or to use the streets, highways, bridges, or public places in said city, or any part thereof, shall be granted, renewed, altered, amended, repealed or extended except by ordinance.

Sec. 30. General ordinance powers as to city services.

The board of directors shall have authority to acquire or establish, own and operate waterworks, gasworks, and works for generating and furnishing heat and electricity for the use of said city, and to sell water, heat, electricity and gas from such works to persons or corporations outside as well as within the limits of the city, or to buy heat, electricity, water or gas at wholesale and sell the same at retail; to construct and operate other waterworks for the use of said city at any point to be selected by the board of directors, inside or outside of the city limits, and to place and maintain all needed mains, pipes and other fixtures and appliances at such works and between such works and the city, and for these purposes to acquire and hold, by purchase or condemnation all needed lands and rights-of-way inside or outside of the city limits, and to have power to acquire by purchase or condemnation or damage, private property real or personal inside or outside of the corporate limits of said city, to the end that pure, clean, wholesome water may be obtained and supplied to the inhabitants of said city, and to have the power to proceed as provided by law, against any person, firm or corporation who so uses their property either inside or outside of the corporate limits of said city as to pollute the water supply of said city; to establish and maintain a fire department, police department, health department, public libraries, playgrounds, parks, crematory and city prison, and for these purposes acquire and hold all necessary real estate by purchase or condemnation, and also to establish and maintain hospitals and

cemeteries either within or outside the limits of the city, and for these purposes to acquire and hold all necessary real estate by purchase or condemnation, outside as well as within the city limits.

Sec. 31. Weights and measures.

The city board of directors may by ordinance provide for the proper weighing or measurement of all goods of any description whatsoever, which may be offered for sale in said city by either weight or measure; and the board of directors shall further have authority to require by ordinance that goods ordinarily sold by measure shall be sold by weight, and to prescribe proper weights and measures. It shall also be within the power of the board of directors to provide for the inspection of all weights and measures used in said city at such times and in such manner as to the board of directors may seem fit and proper.

Sec. 32. Inspection and regulation of food.

The board of directors may by ordinance provide for the inspection of bread, milk, meat, and all other articles intended for food, including animals from which milk and meat are obtained, and all substances entering into the manufacture of food intended for use in said city; and regulate or prevent the sale, or cause the destruction of any such food or milk as may be unwholesome, adulterated, or dangerous, and provide for the punishment of persons negligently or knowingly selling or offering the same for sale. Under this section the word "food" means anything intended to be eaten or drunk by the inhabitants of the said city.

Sec. 33. Abatement of nuisances; regulating various activities.

The board of directors may by ordinance require and compel the abatement and removal of all nuisances within said city at the expense of the person, or persons causing the same, or of the owner or owners of the ground whereon the same shall be; restrict the driving of hogs, cattle or other

stock within said city, either as to time within which they may be driven, or both; prevent any such stock or dogs and other animals, chickens or other fowl from running at large in said city; or subject the same to such regulations and taxes as they may deem proper. The board of directors shall also have authority to locate, prohibit or license, regulate and tax, slaughterhouses and stockyards, or the exercise of any offensive or unhealthful business, trade or employment within said city; to prevent the firing of guns, crackers, or any combination of gunpowder, or other explosives and dangerous materials in said city; to prevent the driving or riding of horses or other animals, the riding of bicycles or other vehicles, the running of locomotives or automobiles propelled by steam, electricity or other power, and of cars of all kinds at a speed exceeding that prescribed by an ordinance of the city, within its limits; and, generally, to prevent such conduct in the city as is prejudicial to the comfort, health, convenience, safety, peace and good order of said city or the inhabitants thereof, and to make and ordain appropriate provisions and penalties for the enforcement of all the lawful regulations of said city, respecting the matters hereinbefore in this section mentioned.

Sec. 34. Markets.

The board of directors may establish markets in and for said city, maintain or authorize the maintenance of any already established, appoint the time and place for holding the same, provide suitable buildings therefor and ordain and enforce such regulations respecting the markets as in its opinion the convenience or interest of the inhabitants of said city shall require, among others such regulations as it shall deem necessary or proper to prevent forestalling therein.

Sec. 35. Assessment for abatement of property nuisances.

If any ground in the said city shall be subject to be covered by stagnant water, or if the owner or owners, occupier or occupiers thereof, shall permit weeds, rank growth, or offensive or unwholesome substances to remain or accumulate

thereon, the board of directors may cause such ground to be filled up or drained, or such growths or substances to be cut or covered up or removed therefrom, and collect the expense of so doing from the said owner or owners, occupier or occupiers, or any of them, by distress and sale, in the same manner as taxes levied upon real estate for the benefit of said city; provided, however, that at least five days' notice of what is required shall be given to the said owners or occupiers, or their agents.

In case of nonresident owners, who have no agent in said city, such notice may be given by publication, for not less than ten days in some newspaper printed in said city, at the expense of said owners.

Sec. 36. Providing for public safety and welfare.

The board of directors may pass and cause to be enforced such ordinances as it shall deem necessary or proper to secure the inhabitants of said city against thieves, robbers, burglars, persons carrying concealed weapons, and all other persons violating the public peace of said city, for the suppression of riots and gaming, and for the prevention and punishment of lewd, lascivious, indecent or disorderly conduct in said city. The board of directors shall also have the authority to provide in like manner for preventing children under twelve years of age from being at large and unattended in the streets or alleys, commons, parks, fairgrounds, or other public places within the city; to provide for the prevention of cruelty to animals, and of cruelty, neglect, or otherwise, to aged, feebled or imbecile persons or children, within the city; and to provide for the welfare, health and safety of persons in theaters or other places of amusement, including assembly and lodge rooms, requiring proper sanitary hygienic arrangements together with adequate exits and fire escapes.

Sec. 37. Explosives and combustibles.

The board of directors may by ordinance require that suitable magazines or places shall be provided in or near said city for the storage of gunpowder, dynamite, petroleum and

the volatile products thereof, and all explosives and combustible and dangerous articles; make and enforce such regulations as it may deem necessary respecting the place and manner of transporting the same, and assess and collect an annual license tax for the keeping and selling of any or all such articles.

Sec. 38. Shows and exhibitions.

The board of directors may by ordinance regulate theatrical exhibitions, public shows, musical performances and hypnotic exhibitions, and all performances to which admission is obtained by the payment of money or other reward, and grant or refuse license for any such performances, and levy and collect license taxes on the same.

Sec. 39. Licensing conveyances, hawkers, etc.

The board of directors may grant licenses to owners and keepers of horses, hacks, carts, wagons, drays, automobiles, bicycles and every description of wheeled vehicles kept within the said city; levy and collect license taxes as well as other taxes thereon, and subject the same to such regulations as the interest or convenience of the inhabitants of said city, in the opinion of the board of directors, may require. The board of directors shall also have authority to license and collect license taxes from hawkers and peddlers within said city, and persons who rent temporary quarters or who temporarily station themselves upon a street to sell or exhibit articles, and all butchers who do not rent a stall or stand in any of the market houses in the city hawking and peddling meat on the streets of the city must take out and pay the license required by the city of hawkers and peddlers.

Sec. 40. Fortune-telling; clairvoyance.

It shall be unlawful for any person, in said city, to hold himself or herself out as a fortune-teller, clairvoyant, mind-reader or palmist, and purport and claim to tell the future or the past by the above or any other hidden and secret

methods or science, or to practice the above callings, avocations or professions, and the board of directors may pass an ordinance prohibiting the same and prescribing penalties for its violation. Nothing in this section contained shall be construed so as to regulate or control any religious association or body.

Sec. 41. Auctions; loan agencies.

The board of directors may by ordinance regulate sales at auction within said city, and levy and collect taxes upon such sales; grant or refuse licenses to auctioneers, and loan agencies, and levy and collect taxes upon such licenses, in addition to any tax which may be payable to the state; provided, however, that nothing herein contained shall be construed to authorize any interference by the corporate authorities of the city with, or the imposition of any tax upon any sale made under the judgment or decree of any court of justice in this state, or made by a trustee under a deed of trust given in this state, or made by a trustee under a deed of trust given bona fide in this state to secure debt.

Sec. 42. Hotels, restaurants, stables, garages.

The board of directors shall have exclusive authority within said city, by ordinance, to grant or refuse license to the keepers of hotels, inns and taverns, houses of public or private entertainment, not used for immoral purposes, boarding-houses, public eating houses, places of public amusement, and boarding stables or stables for keeping and feeding horses and mules for compensation, and automobile garages; provided, however, that persons keeping an inn, hotel or tavern, with stabling attached, shall not be required to have any other license to keep an inn, hotel, or tavern, by reason of their keeping and feeding horses and mules for compensation. The board of directors shall further have authority, by ordinance, to regulate the manner in which such houses or places shall be kept, and to levy and collect a license tax from every person licensed under the authority of this section, in addition to all other taxes imposed upon him or his property.

Sec. 43. Pawnbrokers.

The board of directors may by ordinance require a city license from persons conducting the business of pawnbroker or loan agent in the city by lending money or other thing of value for profit, for or on account of personal property deposited with the lender in pledge, or left in the possession of the borrower and secured to the lender by lien, pledge, mortgages, or deed of trust.

Sec. 44. City may license state licensees.

The board of directors may by ordinance require city licenses for persons conducting and carrying on any business or vocation in the city for which the state may now or hereafter require licenses.

Sec. 45. Failure to obtain license.

The board of directors may by ordinance subject any person or persons, who without having obtained a city license therefor, shall do any act, or follow any employment or business in said city, for which the board of directors is or shall be authorized to grant license, to any fine or punishment which they are authorized to impose or inflict [in] the enforcement of their ordinance.

Sec. 46. Public ways and grounds, extension powers.

The board of directors may, by ordinance, within said city lay out and cause to be opened any streets, walks, alleys, market grounds, and public squares, or extend or widen the same, first having obtained title to the ground necessary for the purpose, and grade any street, walk, alley, market ground or public square which is or shall be established within said city, pave or otherwise improve the same, and cause them to be kept open and in good repair, and generally ordain and enforce such regulations respecting the same, or any of them, as shall be proper for the health, interest or convenience of the inhabitants of said city.

Sec. 47. Work without contractors or middlemen.

The board of directors may by ordinance have all work done without the intervention of contractors or middlemen, but shall not be compelled so to do.

Sec. 48. Taking or damaging land for public purposes.

The board of directors may cause to be taken or damaged for the use of the city, for streets, alleys, markets, bridges, public squares, parks, playgrounds and other municipal purposes, including occupation by sewer, water pipes, gas pipes, heating pipes, compressed air pipes and electric or other subways, any private property within the city, (and where such use is to secure or improve the water supply, or for park, playground, sanitary or cemetery purposes, outside the limits of the city), but no such property shall be taken or damaged without just compensation. The compensation, if it cannot be determined by agreement with the owner of the property so taken or damaged, shall be ascertained in such manner as is, or may be, prescribed by general law for the condemnation of land for public purposes.

Sec. 49. City planning commission.

There shall be a city planning commission of three members, consisting of the city manager and two citizens to be elected by the board of directors. The said citizen members shall be chosen because of their knowledge of city planning and kindred subjects, shall serve without compensation, and shall hold their positions at the pleasure of the board of directors. The board of directors may in its discretion appropriate such sums of money as shall be needed to defray the necessary expenses of said commission.

The duties of the city planning commission shall be advisory only to the board of directors, and in general said duties shall be as follows:

First: To keep itself informed of the progress of city planning in this and other countries, to make investigations

into existing physical conditions in the City of Bluefield and vicinity and compile information relative thereto.

Second: To determine and report upon what should be done to improve those conditions.

Third: To prepare a comprehensive city plan for the future improvement and growth of the city within and without the city limits, including recommendation for:

(a) Extension of streets and opening of new subdivisions.

(b) Improvement of entrances and terminals to and from the city, particularly those of the public service corporations, looking to the future harmonious development of a city plan.

(c) A rapid transit system, including terminal projects when the same may become advisable.

(d) Extension of car lines into outlying districts.

(e) Playgrounds, parks and boulevard system.

(f) Location of public buildings and other public works as in the opinion of the commission, will tend to make Bluefield a more convenient and attractive city.

Fourth: After money to cover the cost thereof shall have been appropriated by the board of directors, to cause the necessary survey to be made, and to prepare a plat for the extension of the city for such distance beyond the city limits as said commission shall deem advisable, which plat shall harmonize with projected improvements within the present city limits, shall carefully conserve the topography of the land as may be requisite for sanitary influences and purposes, and shall make ample provision for factory and other commercial territory, with efficient transportation service, and may provide residence areas apart from the commercial and industrial zones; provided that such plat shall not include territory within the corporate limits of any other city or town.

Fifth: To suggest, upon the written approval of its chairman and of the city manager, such legislation as may be necessary to facilitate the carrying out of the commission's recommendation. (Amend. 1958)

Sec. 50. Paving—Generally.

The board of directors may cause any street or alley to be paved, or repaved between the sidewalks, or between the parkways, with cobble, asphalt, stone, brick, or other suitable materials, under such regulations as shall be fixed by ordinance, upon the lowest and best terms to be obtained by advertisement for bids on proposals therefor by the board of directors as herein provided; or the board of directors may have such work done without the intervention of contractors or middlemen; and the cost of such paving and repaving shall be paid in compliance and accordance with all of the provisions of chapter eight of the West Virginia Code. (Amend. 1972)

Sec. 51. Same—On request.

If two-thirds, or more, of the owners of the property abutting on any street or alley, or any section thereof which shall lie between intersecting streets or alleys, shall desire the same to be paved or repaved, and shall present a petition to the board of directors, setting forth their desire and describing the street or alley, or the section thereof desired to be paved or repaved, the board of directors may, within a reasonable time cause the said work to be done, after the method set forth in the next preceding section, the provisions of which section shall apply to the last named paving or repaving. (Amend. 1972)

Sec. 52. Sewers—Constructing.

The board of directors of the City of Bluefield may order a sewer or sewers to be constructed in or through any street or alley in the city, under such regulations as may be prescribed

by ordinance either by the city itself, or upon the lowest and best terms to be obtained by advertisement for bids therefor by the board of directors; the cost of the construction of any such sewer or sewers, to be paid by the city.

Sec. 53. Same—Connections.

The board of directors shall have the authority to regulate by ordinance, the manner and time in which connections are to be made with the sewers of the said city by the owners of property therein, and shall have the authority to compel the owners of any property abutting upon a street or alley, in which there is a sewer, to connect their pipes therewith under the regulations prescribed by the board of directors, and may charge such person or persons a reasonable amount therefor, to be fixed by the board of directors by ordinance; and in case of the failure of the owner of any such property to so connect his sewer pipe with any such sewer when required, the board of directors may provide by ordinance such fines and penalties as in its discretion may be necessary to effect a compliance with its regulations. The amount fixed by the board of directors for the connection with such sewer shall be paid into the city treasury to the credit of the fund to be used for sewers, and shall be used for no other purpose.

Sec. 54. Sidewalks.

The board of directors may by ordinance establish the width of any sidewalks along any street, alley or public square or part thereof, and cause to be constructed or reconstructed, the curbing thereon, and require that when any such street, alley or public square, or part thereof shall be prepared by the city for the laying of sidewalks, by grading the sidewalk space, either by filling or cutting, as the case may require, the owner or owners of any ground fronting on such sidewalks adjacent to their property shall be required to pave or repave the same; and in case of the failure or refusal of such owners so to do, the city may cause the same to be

properly paved or be repaved by others than such owner or owners, and levy and collect from such owner or owners the cost of the paving or repaving adjacent to his or their property, or where the cost cannot be conveniently ascertained, levy and collect a special tax to defray the expense of such paving or repaving upon the owner or owners of such adjacent ground, who fail to pave as required, by an assessment upon each, proportionate to the number of front feet which he shall own abutting on the sidewalk. The board of directors shall have power, by ordinance, in like manner, to require the owner or owners of property adjacent to any paved sidewalk whether heretofore or hereafter constructed, to keep such sidewalk in repair, and in default of his or their so doing, to cause the same to be repaired, and assess the cost thereof upon such owner or owners. It shall be lawful for the officers authorized by the board of directors to collect any such tax or assessment for the cost of such paving or repaving, to collect the same from the owner or owners of such grounds at once by distress and sale as provided in sections seventy-three and seventy-four of this charter, and such assessment shall be a lien upon such adjacent property, which may be enforced as taxes assessed upon estate for the benefit of the city. All disturbances of any streets or alleys of the city (including sidewalks), or public ground of said city, caused by digging therein for the benefit of a private person or firm, other than the city itself, and except where the digging is done by the city to furnish water, gas or other commodity to such private person or firm, for a consideration, shall be repaired by the city at the expense of the person or firm for whose benefit, or for the benefit of whose property the digging is done; and the board of directors shall by ordinance require the enforcement of this duty, including the duty of making repeated repairs, as often as the defect so caused shall reappear.

The board of directors may by ordinance establish a date from which new or renewed sidewalks along any of the streets or alleys of the city must be made uniform as to width, material and construction for paving and repaving sidewalks.

Sec. 55. Ornamental streetlighting.

The board of directors may, by ordinance, establish a district or zone which shall include the business section of the city, for the purpose of ornamental streetlighting, the limits of said district or zone to be defined in said ordinance.

The board of directors may order ornamental streetlights placed upon any street within the said ornamental lighting district or zone, the same to be fully described in such ordinance, which shall also state the distance such lights shall be placed apart, and assess and collect the cost of the installation of same from the owners of the property abutting on said street in proportion to the frontage owned by each. And such assessment shall be made in the same manner and shall become a lien upon the property abutting upon the said street to the same extent as herein provided for liens against property for sidewalks constructed upon any street by the city, and the remedies herein provided for the collection of sidewalk assessments against property owners or the property abutting upon any street upon which a sidewalk is laid by the city, shall apply to the collection of any assesament made for the construction of ornamental streetlighting upon any street upon which such lights are installed; provided, however, that electric current for any such streetlights or system of streetlighting shall be carried by wires placed beneath the surface of the street or sidewalk, and in no event shall such a system of lights or lighting be established by electricity carried from wires on poles located along said street, unless all parties owning property abutting upon said street shall join in a petition to the board of directors asking that poles be used instead of the underground system as hereinbefore set forth.

Sec. 56. Buildings—Regulating those over ten feet high.

The board of directors may, by ordinance, prohibit the erection within any square or squares of the city, of any building or any addition to any building, more than ten feet high, having in the foundation or outar walls thereof, or the outside covering of the roof thereof, any wood or other combusti-

ble material; and provide for the removal of any building, or addition which shall be erected contrary to such prohibition, at the expense of the builder or builders, or owners thereof.

Sec. 57. Same—Inspection; permits; unsafe structures.

The board of directors, by ordinance, may establish a system of regulations by which all plans for the construction of buildings or additions thereto within the city shall be required to be submitted to the board of directors or some other designated officer or officers of the city, for inspection as to the safety of all flues, elevators, drainage, plumbing, electrical wiring, power and lighting or heating arrangements, and as to the sufficiency of all supporting parts and the general safety of such buildings and additions.

The board of directors may provide by ordinance, that no building or addition thereto, shall be erected within the city without the owner or builder thereof having first obtained from the officer designated to make such inspection, a license or building permit authorizing the erection of such structure. Such ordinance may provide for the keeping of a permanent record of all such permits or licenses, and the keeping on file, or on record, of a full description of all such buildings and structures. The board of directors may, by ordinance, establish and maintain supervision over the construction and maintenance of electrical conductors within said city, whether they be located within or outside of a building.

The board of directors may, by ordinance, regulate buildings, already constructed, which are either dangerous, unsafe or in a bad sanitary condition, and may require the removal or reconstruction of the same, or that they be repaired so as to render them safe or put in proper condition.

Sec. 58. Power to enact laws.

The board of directors shall have authority to pass all ordinances not in conflict with the Constitution and laws of the United States, or of this state, which shall be necessary and proper to carry into effect any power, authority, capacity or jurisdiction which is or shall

be granted to, or vested in, the said city, or in the board of directors or any officer of said city; and to provide for the enforcement of any and all of their ordinances by reasonable fines and penalties, or by imprisoning the offender or offenders violating such ordinances, and by compelling them to labor without compensation, at any of the public works or improvements undertaken by said city, or by any or all of the said modes; provided, however, that no person shall be imprisoned or compelled to labor as aforesaid more than thirty days or fined more than a fine authorized for a similar offense by the West Virginia Code, or fined more than one hundred dollars for any offense not appearing in the West Virginia Code. (Amend. 1972; Ord. No. 81-5, 5-12-81)

State law reference—See W.Va. Code, § 8-11-1.

Sec. 59. Police court judge.

The judge of the police court shall receive a salary to be fixed by the board of directors, and no other compensation shall be allowed him. He shall preside over said police court and try and determine all cases over which said court has jurisdiction. At his request, or where necessary in his temporary absence or disability, the board of directors may appoint assistant judges of police court to discharge some or all of his duties, or to aid him in the discharge of some or all of his duties. The purpose and the limitations, if any, upon the appointment of such assistant police court judges, shall be stated by the board of directors in the appointments of any such assistant police court judges, which appointments shall also set out the compensation to be paid them. (Ord. No. 83-5, 8-9-83)

Sec. 60. Police court jurisdiction—Generally.

The said police court shall have jurisdiction over all offenses against, or violation of, the ordinances of said city, and full authority to punish in any manner lawfully prescribed by such ordinances, the offenders against, or violation of, the same; provided, however, that no jury shall be allowed in any trial in said court for the violation of any ordinance of said city.

Sec. 61. Same—Enforcement of penalties.

The proceedings for the recovery of the fine or for the enforcement of the penalty prescribed by any ordinance shall

conform to the regulations as far as they are applicable prescribed in the Code of West Virginia for civil proceedings before justices of the peace; but the judge of said court may, for good cause, shown by affidavit, by an endorsement upon the summons, order the defendant or defendants to be arrested and brought before the said court to be dealt with according to law.

Sec. 62. Same—Violation of state law.

In cases where evidence discloses such a violation within the city, of a law of the state, that, in the opinion of the judge of the police court, the person accused should be committed to await the action of the grand jury upon an accusation made, the judge of the police court shall have the same jurisdiction and power as a justice of the peace in the County of Mercer, in regard to the apprehension, commitment and admission to bail of the person so accused; and in the exercise of such jurisdiction and powers, shall be governed by the same regulations.

Sec. 63. Sessions of court.

The sessions of said court shall be at such time and place as the board of directors of said city shall by ordinance direct.

Sec. 64. Enforcement of orders and judgments by police court; fees.

The said court shall have full power and authority to enforce its orders and judgments by any process of law which may be necessary and proper for the purpose, and all processes, executions and orders of said court shall be signed by the judge thereof. Such processes and executions shall be directed to the chief of police of said city, and be executed by him or one of his deputies. In the execution of any process or order of said court, the chief of police or deputy shall have the same powers, be governed in his proceedings by the same rules of law, and be subject to the same liabilities as the sheriff of Mercer County, West Virginia, in the performance of like services. There may be charged for the services of

such officer the same fees as the sheriff is entitled to charge for like services, but all such fees, as well as all fines imposed by said court, shall be collected by the chief of police and accounted for and paid by him to the treasurer of the city. The city shall in no event be liable for any such fees.

Sec. 65. Court docket, seal, records.

A docket and other books required for the records and a seal shall be provided for the said court by the board of directors, and the seal may be altered or renewed as the said court may direct. Full faith and credit shall be given to the records of said court, and the certificates of its judge whether the seal of said court be fixed thereto or not, in like manner and with the same effect as if the same were records of the circuit court or certificates of the judge of a circuit court similarly authenticated.

Sec. 66. Costs of prosecution.

The said police court shall have power, upon rendering judgment against a defendant charged with the violation of an ordinance of the city, to render judgment against him also for the costs of prosecution. In every suit or prosecution for the violation of an ordinance the said court shall cause the person or persons at whose instance it was instituted to be designated upon the warrant or writ issued to arrest or summon the person charged, and if the person or persons charged shall not be convicted in such court, and such court shall be of the opinion that no sufficient or probable cause existed for the institution of the said suit or prosecution, then judgment for the costs of the city, and of the defendant, or of either of them, as the court shall deem just, shall be rendered against the person or persons at whose instance such suit or prosecution was instituted.

Sec. 67. Appeals.

From the judgment of the police court in any case in which there is imposed a fine of ten dollars or more, or imprisonment, or both, or in any case involving the validity of an

ordinance of the said city, an appeal shall lie as a matter of right, to the criminal court of said Mercer County, either on behalf of the defendant or the city, and in any case where a fine is imposed, on demand of the defendant, such fine must be fixed at not less than ten dollars, so that such appeal may be taken; but no defendant shall be entitled to such appeal until and unless he executes before the said police court, bond in such penalty, not exceeding two hundred dollars, as the said police court may prescribe, conditioned for the performance of the judgment or order of the criminal court of said county made or rendered upon such appeal. Every such bond shall be with security approved by the said police court; but in any case in which an appeal is taken or granted on behalf of the city, no bond or security shall be required. Every such appeal shall be proceeded with in the criminal court in the same manner as is provided by law for the proceedings in such criminal court, in cases appealed from justices of the peace. If on such appeal judgment be against the appellant it shall also be against the sureties on his appeal bond for costs, and for any fine or pecuniary penalty adjudged against him. No such appeal shall be allowed after ten days from the date of any fiscal order or judgment desired to be appealed from.

Sec. 68. Government buildings, hospitals, parks, libraries, etc.

The board of directors shall have the authority to erect, buy, sell, and lease all buildings necessary for the use of the city government, and to provide for and regulate the same; to establish, regulate and maintain public parks, hospitals, libraries, and reading rooms, and to purchase books, papers, and manuscripts for such libraries and reading rooms, and to receive donations, gifts, or bequests for the same in trust or otherwise.

Sec. 69. City prison.

It shall be lawful for the board of directors to maintain within said city a prison, and to ordain and enforce all necessary or proper regulations respecting the same, and to vest in the officer or officers of said prison, under the supervision of

the city manager, any powers and duties which, by the laws of this state, are or shall be vested in or imposed on the sheriffs or jailors of the several counties in this state in relation to the county jails, or the custody of persons imprisoned therein.

Sec. 70. Annual audits.

At the end of each year the board of directors shall cause a full and complete examination of all the books and accounts of the city to be made by competent accountants, and shall publish the result of such examination in connection with the annual city financial statement required by law.

Sec. 71. Taxation—Statutory power.

The board of directors shall have power and authority to levy taxes on all property subject to taxation within the city in accordance with the provisions of chapter nine of the acts of the Legislature of West Virginia, special session of one thousand nine hundred and eight, and as it may be amended, and in the making of such levies the said board of directors shall comply with all the provisions of said act as the same now exists, or as it may be hereafter amended insofar as it applies to the laying of levies by municipalities. The taxes so levied as aforesaid shall be levied upon the values of the real and personal property within the city as the same shall be ascertained by the assessor [of] Mercer County.

Sec. 72. Same—Scope of property and activities.

The board of directors shall have authority to levy and collect an annual tax on real estate and personal property in said city, and to impose a license and assess a tax thereon on wheeled vehicles for public hire, and for all dogs and horses kept within said city, and upon automobile garages, and gasoline filling stations occupying any street or alley, and to impose a tax upon all other subjects of taxation as provided in this charter, or under the several laws of the state, which taxes shall be uniform with respect to persons and property within the jurisdiction of said city, and shall only be levied on

such property, real, personal and mixed, and on [illegible] which the state imposes a tax; provided, the levy upon [illegible] taxable property of said city shall not exceed for all purposes one dollar upon the one hundred dollars valuation. There shall be a tax of one dollar annually assessed on each inhabitant of said city over the age of twenty-one years who is subject to a capitation tax under the laws of the State of West Virginia. The same shall be set out and included in the personal property book against every such inhabitant, and shall be collected under the authority of the board of directors at the time of collecting other levies and taxes.

Sec. 73. Same—Due date; collection procedure.

The taxes levied by the board of directors for the use of the city shall become due at the same time as taxes levied for the use of the County of Mercer, and the treasurer of said city, or such other person as the board of directors may direct, shall collect the same at the same time, and in the same manner, as taxes are collected by the sheriff of Mercer County for county purposes, and the same discount shall be allowed to those paying taxes to the city and the same penalties added as in the case of taxes collected by the sheriff of Mercer County, it being the intention of this act to make the collection of taxes levied for the purposes of the city uniform in all respects with the collection of taxes for county purposes, and the treasurer of said city, or such other person as may be designated by the board of directors for the collection of taxes, is hereby clothed with all the power within the said city for the purposes of collecting city taxes, that is now possessed by the sheriff of Mercer County for the collection of county taxes.

The treasurer, or collector, on the first Monday in June next succeeding the year for which such taxes were assessed, shall make out and return to the board of directors two alphabetical lists, one a list of real estate, and the other a list of persons and property other than real estate, in the city delinquent for the nonpayment of taxes thereon for such year and shall subscribe on oath to each list in form and effect as

sheriffs are required to make to delinquent lists returned to county courts, and the board of directors shall not give the treasurer or collector, credit for any uncollected taxes unless the same have been abated as prescribed herein or are mentioned in such lists. If any real estate within said city be returned delinquent for the nonpayment of the taxes thereon and such return shall be made by the treasurer or collector thereof, in the manner aforesaid, a copy of such delinquent list shall be certified by the board of directors to the auditor of the state, and the same shall be sold for taxes, interest, and commissions thereon, in the same manner and at the same time, and by the same officer as real estate is sold for the nonpayment of state and county taxes. A copy of said delinquent list within ten days after it has been certified by the board of directors, shall be filed in the office of the clerk of the county court of Mercer County, and recorded in a well-bound permanent book, to be furnished by the city, and kept and preserved in said office for that purpose; provided, however, that a copy of each of said lists shall be posted at the front door of the city hall of said city at least two weeks before said lists are returned to the board of directors, and a copy of said lists shall at the same time be printed for one time in two newspapers of opposite politics, if such there be in said city.

Sec. 74. Same—Power of treasurer to collect.

The treasurer shall have power to collect the city taxes, except as otherwise provided in this act, and he shall also have power to collect city claims which may be placed in his hands by the board of directors for collection, and to execute, within the city, any process which might be executed by the sheriff of Mercer County.

Sec. 75. Same—Power to distrain for taxes.

All goods and chattels belonging to a person, firm, corporation or estate, assessed with any city taxes, whether the same be a capitation tax or a tax upon real or personal property, or an assessment for paving or other improvements shall

be liable for said tax, and may be distrained therefor in whosesoever possession they may be found, and the treasurer shall have the same power to collect said taxes or assessment from any person owing a debt to or having in his possession any estate belonging to a person assessed with any tax or assessment of any kind that the sheriff has to collect state taxes in such cases. The treasurer may distrain and sell for all city taxes and assessments and in all respects have the same power to enforce the collection thereof as the sheriff has to enforce the collection of state taxes.

Sec. 76. Same—Imposing liens for taxes.

There shall be a lien upon all real estate within said city for the city taxes assessed thereon, including such penalties added thereto for nonpayment thereof as are prescribed by this act, from the first day of January of the year in which said taxes are assessed. Said liens may be enforced by appropriate suit in any court of record within Mercer County; provided, such suit be instituted within five years from the time the said liens attached as herein provided, and such suit may either be instituted by and in the name of the City of Bluefield as plaintiff, or said city may intervene by petition in any suit pending to sell or enforce liens against any real estate which is subject to such lien for said taxes.

The liens herein created shall have priority over all other liens except those for taxes due the state.

Sec. 77. Same—Enforcement of liens.

Said liens for city taxes and attendant penalties may also be enforced by certifying the same to the clerk of the county court of Mercer County for certification to the state auditor, and the same may be certified down by said auditor, and sold for the taxes, interest, penalties and commissions thereon, in the same manner, at the same time and by the same officer as real estate is sold for the taxes, interest, damages, costs and commissions due the state thereon, which officer shall account therefor on settlement with the board of directors, and pay over the same to the treasurer of the city.

Sec. 78. Debts of city—Limits on payment.

Neither the city clerk, the treasurer, nor any other disbursing officer of the city, shall issue any order or check for the payment of money for any work, matter or thing contracted for or ordered by the board of directors or any officer or employee of the city, which shall have been so contracted for or ordered wholly or in part in excess of the amount which shall have been previously set by ordinance or resolution as the limit of expenses of the department to which such work, matter or things belongs, or in excess of the amount previously appropriated for the payment thereof, or in the city treasury available for such payment. The foregoing provision of this section is intended as a restrainer provision, and it is further declared that no act of such clerk, treasurer or other disbursing officer shall be in anywise held to render valid any debt contracted by or on behalf of the city in violation of the constitution and laws of the state. If any such officer of the city, as is mentioned in the first sentence of this section, shall violate the provisions thereof, he shall be disqualified from holding his office, and shall forfeit and pay for such violation to the city a fine of not less than twenty dollars, nor more than one hundred dollars, or be imprisoned for a term not exceeding one year, or both.

Sec. 79. Same—Legal limit.

No debt shall be incurred by said city even with the consent of the voters, to an amount, including existing indebtedness, in the aggregate exceeding the amount fixed by law of the State of West Virginia.

Sec. 80. Deposits of city funds.

The board of directors shall provide by ordinance, for the deposit of all public moneys of the city, in such bank, or banks, situated within the city, as offer, at competitive bidding, the highest rate of interest and give a good and sufficient bond to the city, to secure the accounting for and due

payment of such public money, with security approved by board of directors. The security shall always be in a sum less than ten per cent, in excess of the maximum amount any time deposited, but there shall not be deposited in any bank an amount in excess of the paid-up capital stock surplus of such bank, and not in any event to exceed million dollars.

In such ordinance the board of directors may determine method by which such bids shall be received, the authority which shall receive them, the duration of the contracts respecting deposits of public money, and all details for carrying this section into effect. Proceedings in connection with such competitive bidding and the deposit of money shall be conducted in such manner as to insure full publicity, and shall be open at all times to the inspection of any citizen. As to any deposits made under authority of an ordinance of the board of directors, passed pursuant to this section, neither the depositing officer, nor other persons so depositing, nor such officers' sureties shall be liable for any loss occasioned by the deposit, or in anywise growing out of it.

Sec. 81. Improvement, etc., bonds—Procedure.

All provisions of general law governing the issuance and sale of bonds by municipalities and the investment of sinking funds shall be applicable to the issuance and sale of bonds and the investment of sinking funds by said City of Bluefield, except as herein otherwise provided. All the provisions of general law governing the levying and collecting of taxes for the use and benefit of municipal corporations shall be enforced and applied by the board of directors in the levying and collecting of taxes for the use and benefit of said City of Bluefield, except as herein otherwise provided, and the provisions of general law requiring the making and publishing of estimates of expenditures in advance of the laying of levies therefor, and limiting the amount of such levies, shall be enforced and complied with by the board of directors of said city.

Sec. 82. Same—Issuance.

The board of directors may refund the lawful bonded indebtedness of said city by issuing bonds of the city, payable within twenty years, bearing no greater rate of interest than five per cent, but the indebtedness of the city shall not thereby be increased without the consent of the voters of said city being first had and obtained, as provided by law.

Such bonds shall not be sold for less than par nor exchanged for the evidence of said indebtedness of said city, except dollar for dollar, and there shall be provided a sinking fund that will discharge said bonds as they shall become due. Said bonds shall express on their face that they may be paid at any time after five years, at the pleasure of the city. A record shall be kept of all proceedings hereunder; provided, that nothing herein contained shall be construed to authorize an increase of the bonded indebtedness of said city beyond the amount now authorized by law.

Sec. 83. Investigations of official malfeasance; removal from office.

The board of directors shall have authority at its discretion, upon the filing before it, by any person, of charges in writing, of malfeasance or nonfeasance in office, of gross immorality, or any improper conduct, verified by affidavit, against any officer of the city, in any department thereof, to make or cause to be made an investigation of such charges. The board of directors shall have authority to require the attendance of witnesses, and the production of any books or papers pertinent to such inquiry or investigation. Any officer found guilty of any such offense shall be removed from office.

Sec. 84. Bribery—Definition; punishment.

Any person who shall bribe, by directly or indirectly giving to or bestowing upon a member of the board of directors of the city, or other officer thereof, any money, testimonial or other valuable thing, or do any act beneficial to such officer, in order to influence him in the performance of any of his official or public duties, shall be deemed guilty of a felony,

and, upon conviction thereof, shall be imprisoned in the penitentiary of the State of West Virginia, for a term of not less than two years, nor more than five years, and shall, moreover, be forever disqualified from holding any office or position of honor, trust or profit in said city.

Sec. 85. Same—Attempting; punishment.

Any person attempting to bribe, by offering or proposing to give any officer or member of the board of directors of the said City of Bluefield, money, testimonial, or other valuable thing, or to do any act beneficial to such officer or member of the board of directors in the performance of his official or public duties, shall be deemed guilty of a felony, and, upon conviction thereof, shall be imprisoned in the penitentiary of the State of West Virginia, for not less than one year, nor more than three years, and shall, moreover, be forever disqualified from holding any office of honor, trust or profit in said city.

Sec. 86. Same—Demanding or receiving bribe; punishment.

If any member of the board of directors of the City of Bluefield, or other officer of the said city shall demand or receive from any corporation, company, firm or person, any money, testimonial or other valuable thing, for the performance of any of his official or public duties, or for refusal or failure to perform the same, or for any vote or influence he may give or withhold as such member of the board of directors or other officer, or for making any particular nomination or appointment, he shall be deemed guilty of felony, and, upon conviction thereof, shall be imprisoned in the penitentiary of the State of West Virginia, for not less than five years, nor more than ten years; and shall, moreover, be forever disqualified from holding any office or position of honor, trust or profit in said city.

Sec. 87. Same—Testifying as to.

Any person bribing or attempting to bribe, or demanding or receiving a bribe, fee, reward or testimonial, as set forth

in any of the three next preceding sections, shall be compelled to testify against any person or persons who have committed any of the offenses in said sections mentioned; provided, that any person so compelled to testify shall be exempted from trial and punishment for the offense of which he may have been guilty, and concerning which he is compelled to testify.

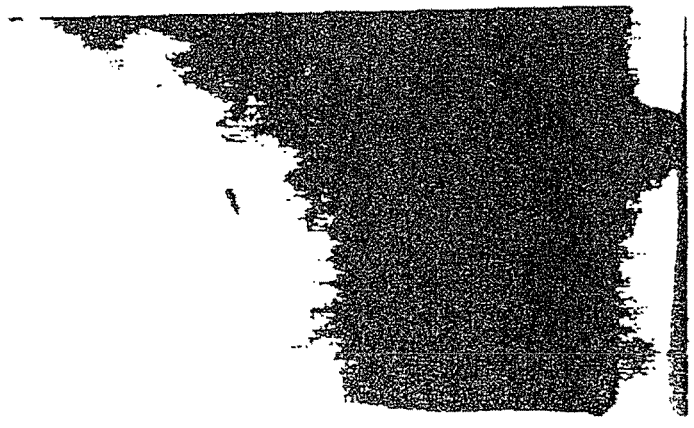
Sec. 88. Annual account by officers who handle money.

All officers of the City of Bluefield, who shall collect or receive or whose official duty it is, or shall be, to collect, receive, hold or pay out any money belonging to, or which is or shall be, for the use of said city, shall make annual account and settlement therefor. Such settlement, when made, shall be subject to exceptions and take such direction, and have only such force and effect as may be provided by law; but in all cases, such settlements shall be recorded, and be open to examination of the people, at such convenient place or places as may be appointed by ordinance of the city.

Any person violating any of the provisions of this section shall be guilty of a misdemeanor, and fined not less than fifty dollars nor more than one hundred dollars, or imprisoned not less than two nor more than twelve months, or punished by both such fine and imprisonment.

Sec. 89. Prior obligations to continue.

All contracts, grants, easements, rights, privileges or consents on, in or relative to any street, alley, or public ground or property of said city, made by the council of said city, or by any board or officer thereof, prior to this charter taking effect, and all other contracts, grants, easements, rights, privileges or consents entered into or granted by the said city or its duly constituted authorities, at any time prior to this charter taking effect, which are now in force, or which may have been lawfully entered into or granted within any territory hereafter annexed to the City of Bluefield and be in force and effect, when the annexation is made, shall continue in full force and effect, and be respected and complied with by the



City of Bluefield, and the board of directors and other officers thereof under this charter, and all indebtedness incurred by the said city, prior to this charter going into effect, shall be binding upon the City of Bluefield, under this charter, and be paid by it out of its revenues.

Sec. 90. Admission into evidence of ordinances.

All copies purporting to be copies of the ordinances of said city or extracts from the journal or minutes of the board of directors, which shall be printed by the authority of the board of directors, or which shall be certified to be correct by the mayor of said city under the seal thereof, shall be received by all courts and magistrates of this state as prima facie evidence of the tenor of such ordinances, and of the acts and proceedings of the board of directors therein set forth.

Sec. 91. Prior ordinances not affected.

All valid ordinances and regulations passed and adopted by the duly constituted authorities of the City of Bluefield on or before the date this charter goes into effect, and not inconsistent with this act, shall be and remain in full force until amended or repealed.

Sec. 92. Fees to be paid into treasury.

All fees and money paid to an officer of the city, for any official service, shall belong to the city and be paid at once into the city treasury by such officer, the salary or compensation given by the city to its officers respectively, being all the compensation they shall be entitled to for any official service.

Sec. 93. General penalty.

Any person who shall violate any of the provisions of this charter for the violation of which no punishment has been provided herein, shall be deemed guilty of a misdemeanor, and upon conviction thereof, shall be punished by a fine not exceeding one hundred dollars, or by imprisonment in the county jail not exceeding one year, or by both such fine and imprisonment.

Sec. 94. Civil service provisions.

The city board of directors, in its discretion, may appoint a civil service commission for the purpose of examining applicants for positions in the fire, police and health departments. Said commission shall consist of three citizens, not all of whom shall be of one political party. Any vacancies occurring in the commission shall be filled by the board of directors. For the purpose of conducting tests in the departments specified they shall conduct practical examinations annually or oftener, fixing grades and classifications as they may determine, and a list of those successfully passing the examinations prescribed shall be furnished to the city manager. Such list shall be known as the "eligible list," and, unless for good cause shown, selections must be made from among the three applicants rated highest for the appointments necessary to be made. Said list and all examination papers shall be kept on file in the office of the city clerk and available to the public at all times; provided, that appointees in the departments under civil service may be subjected to examinations from time to time in the interest of efficiency, and that the passing of the required examination prior to entering the city's employ shall not constitute a life tenure of office. No member of the civil service commission during his incumbency shall be a holder of any state, county or municipal office.

Sec. 95. First and subsequent election—Generally.

The officers elected at the first election held under this charter, shall begin their terms on the first day of August, one thousand nine hundred and twenty-one, and thereafter all elections, except special elections, shall be held on the first Tuesday in July in every fourth year thereafter; unless the first Tuesday falls on the fourth then the day following and the terms of office of the persons elected shall begin on the first day of August next after such election.

For the first election to be held hereunder, the city council now in office shall be a canvassing board to ascertain and disclose the result of said election, to determine and settle ties

as herein provided for, and determine all contests. Thereafter, the board of directors shall act as such canvassing board.

Sec. 96. Same—Duty of recorder at first election.

At the first election held hereunder, the recorder of the City of Bluefield shall perform all the duties prescribed under the charter of the City of Bluefield existing at the time of such election, and the general laws of the State of West Virginia.

Sec. 97. Former officers and offices.

The mayor and council and all other officers, agents and employees of the City of Bluefield shall remain in and hold their offices and discharge the duties thereof, until the first day of August, nineteen hundred and twenty-one, and thereafter until their successors are elected and qualified as provided by this act, and all existing offices not provided for by this act shall be abolished as of the first day of August, nineteen hundred and twenty-one.

Sec. 98. Charter election; repeal of conflicting acts.

Before this charter shall become effective a special election shall be called and held in said city in the several precincts as now established and existing in said city to be held on the sixteenth day of May, one thousand nine hundred and twenty-one, at which election if a majority of the votes cast in said election be in favor of the adoption of this charter then this charter shall thereafter be the charter of the City of Bluefield.

The ballots at said election shall be prepared as provided by the general election laws of this state, except that the duties in connection with the preparation of said ballots to be performed by the clerks of the circuit and county courts shall be performed by the city recorder, and the said ballots shall be in the following form:

Vote on New Charter

( ) For new charter.

( ) Against new charter.

And the voter shall indicate his preference by making a cross or X in the square opposite the wording for or against new charter.

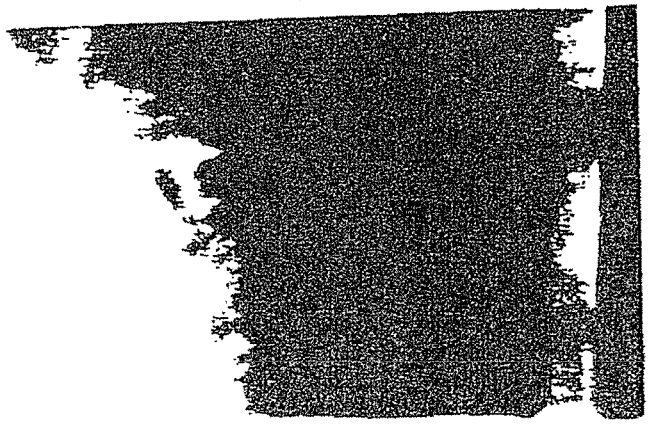
The laws of the State of West Virginia governing the holding of elections, and special elections, and the ascertaining of the result thereof shall govern the conduct of the special election herein, insofar as applicable, except that the recorder shall perform the duties required of the circuit and county clerks under general election laws, and the council of said city in connection with the selection of election officers and ascertaining the result of said election, and the holding of said special election shall perform the duties required of the county court under general election laws.

The council of said city at a special or regular meeting shall enter an order calling said special election to be held in said city on May sixteenth, one thousand nine hundred and twenty-one, and have published once a week for two weeks immediately preceding the date of said election in a newspaper of general circulation in said city, the call for said special election, as well as a full draft of this charter. The expense of holding said election, including the publication of said call for said election and the publication of a draft of this charter, shall be paid by the said city out of its treasury.

The result of said special election, shall be ascertained and be spread upon the minutes of the city council of said city at once after the result of said election is ascertained, so that a permanent record of the choice of the voters for and against this charter shall exist. If a majority of the votes in said election be in favor of adopting this charter it shall become effective for all purposes from the date of the ascertaining of the result of said election.

All acts in conflict or inconsistent with this act are hereby repealed.

[The next page is 103]



The Board of Directors
of the
CITY OF BLUEFIELD

In Session the 22nd day of
Oct. 35

Meeting of

Sanitary Sewer Ordinance

	Yes	Nay	Not Voting	Absent
Mr. Marr				
Mr. Ernest Godsey				
Mr. Harry Perkins				
Mr. Ramon Saunders				
Mr. Warren Settle				

Exhibit H

ORDINANCE CREATING A SANITARY
FOR THE CITY OF BLUEFIELD

Introduced October 15, 1935.
Record 6, page 1.

Adopted October 22, 1935.
Record 6, page 10.

Ordinance Docket 2, page 340.

2

24

25

CODE OF ORDINANCES

CITY OF

BLUEFIELD, WEST VIRGINIA

THE CHARTER

AND

GENERAL ORDINANCES OF THE CITY

Adopted, April 30, 1974
Effective, July 1, 1974

Published by Order of the Board of Directors

MUNICIPAL CODE CORPORATION

TALLAHASSEE, FLORIDA 1974

Copyright 1974

Municipal Code Corporation

Tallahassee, Florida

OFFICIALS

Of The

CITY OF BLUEFIELD, WEST VIRGINIA
AT THE TIME OF THIS CODIFICATION

C. Edwin Elliott

Mayor

Allan Connolly
Victor DeVault
Angelo Monaco
J. E. Walker

Directors

Blanche R. Stringfellow

City Clerk

William O. Bivens, Jr.

City Solicitor

PREFACE

Part I of this volume contains the Charter and Related Laws of the City of Bluefield, West Virginia, as amended, and a disposition table setting forth in chronological sequence the disposition of each act included herein, amending or relating to the Charter of the City. Part II contains a revision and codification of the ordinances of a general and permanent nature of the City of Bluefield which were deemed appropraite to be included.

Part II is an entire new codification, and, as expressed in the Adopting Ordinance, supersedes all ordinances not included herein or expressly saved from repeal by the Adopting Ordinance. Only those ordinances of a general and permanent nature prescribed for and affecting the public as a whole are included herein. Special ordinances, dealing with only a portion of the inhabitants of the City, rather than all of them, or relating to special purposes, such as those levying special assessments, providing for bond issues, paving, vacating and opening specified streets, rezoning certain designated districts, etc., are not included herein. For a more specific enumeration of the types of ordinances which are not included herein see Section 3 of the Adopting Ordinance.

The material in Part II, Code of Ordinances, has been classified as to subject matter, edited, revised, and in many instances rewritten. As will be noted, the chapters have been arranged conveniently in alphabetical order and the various sections within each chapter have been appropriately catchlined to facilitate usage. Attention is also invited to the footnotes which tie related sections of the Code together and which also refer to relevant provisions of the Charter.

The numbering system used in this Code is the same system used in many state and municipal codes. Each section number consists of two component parts separated by a dash, the figure before the dash referring to the chapter number and the figure after the dash referring to the position of the section within the chapter. Thus, the first section of Chapter 1 is numbered 1-1, and the fourteenth section of Chapter 13 is numbered 13-14. Under this system

each section is identified with its chapter and at the same time new sections can be inserted in their proper places, simply by using the decimal system for amendments. By way of illustration: If new material consisting of three Sections that would logically be included between Sections 4-4 and 4-5 is to be added, such new sections would be numbered 4-4.1, 4-4.2 and 4-4.3, respectively. Sections have been reserved at the end of articles and divisions to provide for future expansion.

New chapters may be included by the addition of a fraction after the chapter number, e.g., if the new material is to be included between Chapters 12 and 13, it will be designated as Chapter 12½ Care should be taken that the alphabetical sequence of chapters is maintained when including new chapters. New articles and new divisions may be included by the use of a capital letter after the article or division number, e.g., if the new article is to be included between Articles I and II, it will be designated as Article IA. In the case of articles and divisions, the same may be placed at the end of the article or division embracing the subject, the next successive number being assigned to the article or division.

The source of each section is included in the history note in parentheses at the end thereof. The absence of such a note indicates that the section is new and was adopted for the first time with the adoption of this Code, except as may be otherwise stated in editor's footnotes.

A special feature of this Code to which the attention of the user is particularly invited is the looseleaf system of binding and supplemental servicing for the Code. With this looseleaf system, the Code will be kept up-to-date periodically. Upon final passage of amendatory ordinances, they will be edited and the appropriate pages of the Code affected will be reprinted for insertion in the Code. These new pages will be distributed to the holders of the Codes with instructions for the manner of inserting the new pages and deleting the obsolete pages. Each such subsequent amendment, when incorporated into this Code, may be cited as a part hereof as provided in Section 5 of the Adopting Ordinance.

The successful maintenance of this Code up-to-date at all times will depend largely upon the holder of the volume. As

revised sheets are received it will then become the responsibility of the holder to insert the amendments according to the attached instructions. It is earnestly recommended by the publishers that all such amendments be inserted immediately upon receipt to avoid misplacing them, and in addition, that all deleted pages be saved and filed for historical reference purposes.

The indices have been prepared with great care. Each particular item has been placed under several headings, some of the headings being couched in lay phraseology, others in legal terminology, and still others in language generally used by municipal officers and employees. There are numerous cross references within the indices themselves which stand as guideposts to direct the user to the particular item in which he is interested.

Time and effort have not been spared in the preparation of this Code and the publishers are most grateful to all city officers and employees for their cooperation and interest during the preparation of this Code. Special appreciation is due Mr. William O. Bivens, Jr., City Solicitor.

The publication of this Code was under the direct supervision of George R. Langford, President and B. Meade White, Editor, of Municipal Code Corporation, Tallahassee, Florida.

This Code is presented for the use and benefit of the citizens of the City of Bluefield.

April, 1974

MUNICIPAL CODE CORPORATION
Tallahassee, Florida

ORDINANCE NO. 2-74

AN Ordinance Adopting and Enacting a New Code of Ordinances of the City of Bluefield, West Virginia; Establishing the Same; Providing for the Repeal of Certain Ordinances Not Included Therein, Except as Herein Expressly Provided; Providing for the Manner of Amending Such Code of Ordinances; Providing a Penalty for the Violation Thereof; and Providing When This Ordinance Shall Become Effective.

Be It Ordained and Enacted by the Board of Directors of the City of Bluefield, West Virginia:

Section 1. That the Code of Ordinances, consisting of Chapters 1 to 23 inclusive, is hereby adopted and enacted as the "Code of Ordinances, City of Bluefield, West Virginia," and shall be treated and considered as a new and original comprehensive ordinance which shall supersede all other general and permanent ordinances of the City passed on or before October 17, 1972, to the extent provided in Section 2 hereof.

Section 2. That all provisions of such Code shall be in full force and effect from and after the 1st day of July, 1974 and all ordinances of a general and permanent nature of the City of Bluefield, enacted on final passage on or before October 17, 1972, and not included in such Code or recognized and continued in force by reference therein are hereby repealed from and after the 1st day of July, 1974 except as hereinafter provided. No resolution of the City, not specifically mentioned, is hereby repealed.

Section 3. That the repeal provided for in Section 2 hereof shall not affect the following:

(a) Any offense or act committed or done or any penalty or forfeiture incurred or any contract or right established or accruing before the effective date of this ordinance; such repeal shall not make legal any building or use existing contrary to the zoning ordinances or other such restrictive ordinances;

(b) Any ordinance promising or guaranteeing the payment of money for the City or authorizing the

issuance of any bonds for the City or any evidence of the City's indebtedness, or any contract or obligation assumed by the City;

(c) Any ordinance prescribing traffic regulations for specific areas, such as stop streets, speed limits, etc., not in conflict or inconsistent with the provisions of such Code;

(d) Any ordinance fixing salaries of officers or employees of the City;

(e) Any budget or appropriation ordinance;

(f) Any right or franchise granted by the board of directors to any person, firm or corporation;

(g) Any ordinance dedicating, naming, establishing, locating, relocating, opening, closing, paving, widening, vacating, etc., any street or public way in the City;

(h) Any ordinance establishing and prescribing the street grades of any street in the City;

(i) Any ordinance providing for local improvements or assessing taxes therefor;

(j) Any ordinance dedicating or accepting any plat or subdivision in the City or providing regulations for the same;

(k) Any ordinance explicitly saved from repeal in the body of the Code of Ordinances;

(l) Any ordinance regulating zoning and subdivisions in the City;

(m) Any ordinance making any act or failure to do any act an offense against the City, when such ordinance is authorized under the state law and is not inconsistent with such Code;

(n) Any ordinance fixing ad valorem taxes or other taxes, or providing for the levying or collecting thereof;

(o) Any ordinance levying an occupational or business license fee or tax, or regulating any business, and not included therein;

(p) Any ordinance enacted after October 17, 1972.

Such repeal shall not be construed to revive any ordinance or part of an ordinance which has been repealed by a subsequent ordinance which is repealed by this ordinance.

Section 4. That whenever in such Code an act is prohibited or is made or declared to be unlawful or an offense by the board of directors, or whenever in such Code the doing of any act is required or the failure to do any act is declared to be unlawful by the board of directors, and no specific penalty is provided therefor, the violation of any such provisions of such Code shall be punished by a fine of not more than one hundred dollars ($100.00), or for imprisonment for a term not exceeding thirty (30) days, or both of these punishments, as provided in Section 1-8 of such Code.

Section 5. That any and all additions or amendments to such Code when passed in such form as to indicate the intention of the board of directors to make the same a part thereof shall be deemed to be incorporated in such Code so that reference to the "Code of Ordinances, City of Bluefield," shall be understood and intended to include such additions and amendments.

Section 6. That in case of the amendment by the board of directors of any section of such Code for which a penalty is not provided in another section in the same chapter, the penalty so provided in such other section shall be held to relate to the section so amended, unless such penalty is specifically repealed therein.

Section 7. That a copy of such Code shall be kept on file in the office of the City Clerk, preserved in looseleaf form, or in such other form as the City Clerk may consider most expedient. It shall be the express duty of the City Clerk, or someone authorized by him, to insert in their designated places all ordinances which indicate the intention of the council to make the same a part of such Code when the same have been printed or reprinted in page form, and to extract from such Code all provisions which may be repealed from time to time by the board of directors. This copy of such Code shall be available for all persons desiring to examine the same.

Section 8. That it shall be unlawful for any person to change or alter by additions or deletions, any part or portion of such Code, or to insert or delete pages or portions thereof, or to alter or tamper with such Code in any manner whatsoever which will cause the law of the City of Bluefield to be misrepresented thereby. Any person violating this section shall be punished as provided in Section 1-8 of the Code of Ordinances of the City of Bluefield and in Section 6 of this ordinance.

Section 9. That all ordinances or parts of ordinances in conflict herewith are, to the extent of such conflict, hereby repealed.

Section 10. That this ordinance shall become effective on the 1st day of July, 1974.

PASSED, APPROVED AND ADOPTED BY THE BOARD OF DIRECTORS on the 30th day of April, 1974.

/s/C. Edwin Elliott
Mayor

(SEAL)

/s/Blanche R. Stringfellow
City Clerk

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
SPECIAL CALLED MEETING
August 4, 2009

The Board of Directors of the City of Bluefield, West Virginia met in its first session as required by City Charter on August 4, 2009 at 7:30 p.m. in the Municipal Boardroom. Present and taking seats on the Board were Mayor Linda K. Whalen; Directors Dr. Tom Blevins, Mary Frances Brammer, Pete Sternloff and Mike Vinciguerra. City Manager Andrew Merriman and City Attorney Brian Cochran were also present. City Clerk Helen Mitchell was absent.

INVOCATION/PLEDGE

The Invocation was given by outgoing Director "Pete" Sarver followed by the Pledge of Allegiance.

OATHS OF OFFICE

Newly-elected members of the Board of Directors of the City of Bluefield, West Virginia Dr. Tom Blevins, Pete Sternloff and Mike Vinciguerra were administered the Oath of Office by City Attorney Brian Cochran. The previous affirmations of Mayor Linda K. Whalen and Director Mary Frances Brammer will continue throughout their service on the Board.

City Manager Andrew Merriman was administered the Oath of Office by City Attorney Brian Cochran.

ACTION ITEM

City Manager Andy Merriman stated that the Board was originally awarded grant funding to build a new transit facility outside of the city limits. There was some concerns that if the grant was amended and moved away from the Rt. 52 site that the city would be responsible for the property and design fees for the new facility.

Merriman said that he had confirmation from the State and the Feds that the City would not be responsible for the design fees and he was asking the Board for authorization to draft a letter to the State Transit officials asking them to amend the present agreement and consider applying the funds to the renovation of our existing transit facility.

Director Mike Vinciguerra moved to authorize City Manager Andy Merriman to draft a letter to the State Transit Authority asking to amend our present agreement and apply the funds to the renovation of our existing transit facility, seconded by Director Pete Sternloff.

After discussion, the motion was unanimously approved and so ordered.

BOARD MEMBER COMMENTS

Newly elected members commented that it was an honor and a privilege to serve the citizens of Bluefield and they were looking forward to a progressive four years for the city.
Mayor Linda Whalen summed it up in her remarks stating that "Five board members can do very little, what makes a difference is when we get the community gets involved."

ADJOURNMENT

Hearing no further business, the meeting was adjourned. The next regularly scheduled meeting will be held on August 11, 2009 at 7:30 p.m.

Helen L. Mitchell, City Clerk

Linda K. Whalen, Mayor

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
February 8, 2011

The Board of Directors of the City of Bluefield, West Virginia met in regular session February 8, 2011 at 6 p.m. in the Municipal Boardroom. Present were Mayor Linda K. Whalen; Directors, Mary Frances Brammer, Deb Sarver, Pete Sternloff; City Manager Andy Merriman, City Attorney Brian Cochran and City Clerk Helen L. Mitchell. Director Tom Blevins was absent.

Mayor Linda Whalen welcomed everyone to the meeting and introduced newly appointed Director Deb Sarver.

INVOCATION/PLEDGE

The Invocation was given by Gene Wyatt, followed by the Pledge of Allegiance.

MINUTES

Minutes of the January 25, 2011 meeting were unanimously approved as presented on a motion by Director Mary Frances Brammer, and seconded by Director Pete Sternloff.

OATH OF OFFICE

City Attorney Brian Cochran administered the oath of office to newly appointed Director Deb Sarver. Director Sarver had previously served on the City Board and was appointed at the last meeting to fill the unexpired term of Mike Vinciguerra.

ACTION ITEMS

City Manager Andy Merriman discussed the Region I Priority Projects for the City of Bluefield for 2011.

The community priorities are listed in order of importance, and are as follows:

1. Colonial Intermodal Center
2. Demolition/Equipment
3. Grant requests for the Recreation Center at Freight Station
4. Recreational Trails Grant
5. New site for construction demolition landfill
6. Safe Routes to School Grant (Sidewalks)

Manager Merriman explained that these priorities will be drafted into a Resolution for adoption at the next board meeting.

The agenda continued with an authorization for the City of Bluefield to enter into an equipment lease agreement with the Bluefield Stormwater Board.

City Manager Merriman explained that the City purchased a street sweeper on behalf of the Stormwater Board, and they will lease that piece of equipment from the City for a term of six years. The monthly payments will be $2,311.84 for six years, and that is based on a $10,000 down payment. The lease agreement carries a two per cent interest rate.

City Attorney Cochran also explained that at the end of the lease the Stormwater Board will have the option to purchase it at a nominal fee.

Director Pete Sternloff moved to approve the Lease Agreement to the Bluefield Stormwater Board, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

At the pleasure of the Board, an Ordinance authorizing the City Manager to expend funds in the amount of $15,270.00 for the purchase of 3,000 feet of five (5) inch large diameter fire hose for the City of Bluefield Fire Department was read into the record by City Manager Andy Merriman. Merriman explained that he was asking for a title change for the ordinance as it was originally set for $16,000.00 and the final bid price was $15,270.00.

Director Mary Frances Brammer moved to authorize the City Manager to expend funds in the amount of $15,270.00 for the purchase of 3,000 feet of fire hose, for the Bluefield Fire Department, seconded by Director Pete Sternloff. Unanimously approved and so ordered.

City Manager Merriman asked that the Board adjourn into Executive Session after announcements and public comments.

City Manager Merriman gave updates on a new web site for the City, and other projects that the City is working on with professors and engineering students at Bluefield State College. These projects include a new design for the proposed recreation center at the freight station, site suitability for a new C & D Landfill, and property work on demolition projects.

Merriman said, these projects will allow us to develop a strong relationship with the college that will hopefully continue for years to come.

MAYOR, MEMBERS OF BOARD OF DIRECTORS

Director Pete Sternloff commented on the vent that took place at John Stewart Methodist Church this past Sunday, and commended the persons that took part and attended the event to discuss the crime problems in the City of Bluefield.

Director Mary Frances Brammer commented also on the meeting, and thanked the City participants and the citizens for coming to express their interest in the City.

Mayor Whalen commented on the study that is being done by the postal authority to determine if the Bluefield Distribution Center will be continued, or if it will be divided between Charleston, WV and Kingsport, TN. May Whalen stated that a public hearing will be held at a later date, and hopefully the numbers will indicate that it can be retained in Bluefield.

Mayor Whalen asked City Manager Merriman to draft a letter of objection.

PUBLIC COMMENTS

Art Riley representing Downtown Merchants Association asked questions regarding the 2010 Region I Priorities and Recreation Center upgrades.

Mr. Riley also questioned if the City's' no parking law could be enforced on Bland and Federal Streets between the hours of 12 a.m. and 5 a.m. to allow for snow removal and street sweeping.

Mr. Tim Taylor, business owner in Bluefield appeared before the Board with concerns and questions regarding the Stormwater Ordinance in Bluefield.

Director Pete Sternloff moved that the Board adjourn into Executive Session for the purpose of discussing pending litigation and contractual matters, and return only to adjourn the meeting, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

ANNOUNCEMENTS AND OTHER

- Black History Month - Feb. 2-25 - Events at Bluefield State College
- WV Blazers - Bluefield State College - February 13, 2011 - 3:30 p.m.
- "Passing of Pearl" - Bluefield Performing Arts Center - 7 p.m. Feb. 16, 2011
- WV Blazers - Bluefield State College - February 27, 2011 - 3:30 p.m.
- Colonial Intermodal Meeting - City Hall - February 10, 2011 - 6:30 p.m.

Hearing no further business, the meeting was adjourned.

Helen L. Mitchell, City Clerk

Linda K. Whalen, Mayor

AN ORDINANCE CREATING A SANITARY BOARD, VESTING IN SAID BOARD THE CUSTODY, ADMINISTRATION, OPERATION AND MAINTENANCE OF THE SEWERAGE WORKS OF THE CITY OF BLUEFIELD, PROVIDING THE METHOD OF APPOINTMENT, TERM OF OFFICE AND COMPENSATION OF MEMBERS OF SAID BOARD, PROVIDING OFFICERS OF SAID BOARD AND THE COMPENSATION AND BOND FOR CERTAIN OF SAID OFFICERS.

BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD:

Sec. 1. There is hereby created a Sanitary Board for the City of Bluefield, in which is hereby vested the custody, administration, operation and maintenance of the sewerage works of said City. Said Board shall possess all the rights, powers and duties granted to such boards by Chapter 25, Acts of the Legislature of West Virginia, First Extraordinary Session, 1933, and such rights, powers and duties as may hereafter be granted to such boards by any amendment to said Act of the Legislature or by any further Acts passed by the Legislature of the State of West Virginia.

Sec. 2. Said Board shall be composed of the Mayor of said City and two persons appointed to membership thereon by the Board of Directors of said City, at least one of whom shall be a professional engineer and may or may not be a resident of said City. No officer or employee of said City, whether holding a paid or unpaid office, shall be eligible to appointment upon said Board until at least one year after the

expiration of the term of his public office.

Sec. 3. Said appointees shall originally be appointed for terms of two and three years respectively, and upon expiration of each such term, and each succeeding term, an appointment of a successor shall be made in like manner for a term of three years. Vacancies shall be filled for an unexpired term in the same manner as the original appointment.

Sec. 4. The Mayor of said City shall act as Chairman of said Sanitary Board. Said Board shall select a Vice Chairman from its members and designate a Secretary and Treasurer (but the Secretary and Treasurer may be one and the same person), who need not be a member or members of said Board. The Vice Chairman, Secretary and Treasurer shall hold office as such at the will of said Board.

Sec. 5. The members of said Sanitary Board shall receive as compensation for their services the sum of $25.00 monthly for each member, and they shall be entitled to payment of their reasonable expenses incurred in the performance of their duties. The Secretary and Treasurer, whether two persons or the office is vested in one person, shall be paid a salary in an amount fixed by said Sanitary Board by and with the consent and approval of the Board of Directors of said City. The Treasurer shall give bond in manner, form and amount satisfactory to and approved by the Board of Directors of said City. All compensation and expenses provided in this section shall be payable solely from the funds received from the sewerage works controlled by said Sanitary Board.

Sec. 6. The Sanitary Board shall have power to establish by-laws, rules and regulations for its own government.

Sec. 7. This ordinance shall become effective from passage.

ARTICLES OF ASSOCIATION

OF

THE SANITARY BOARD OF BLUEFIELD, INCORPORATED

* * * * * * * * * * * * *

This is to certify that we do hereby associate ourselves to establish a corporation under and by virtue of chapter 150, Code of Virginia, 1919, and acts amendatory thereof, for the purpose of establishing a corporation to purchase, lease, construct, maintain and operate a system of sewerage works, including sewer lines and sewage treatment plants, and for that purpose make and sign these articles of association under the corporate name hereinafter mentioned.

(a) The name of this corporation shall be The Sanitary Board of Bluefield, Incorporated.

(b) The nature and character of its works to be purchased, leased, or constructed, maintained and operated shall be a system of sewerage lines and sewage treatment plants for the collection, conveyance, treatment, purification and disposal of sewage, in and for the Town of Bluefield and territory adjacent thereto in Tazewell County, Virginia, and, conformably to the West Virginia law, the City of Bluefield, Mercer County, West Virginia, all of said sewage works to be local to the said Town of Bluefield, Virginia, and the City of Bluefield, West Virginia, and territory adjacent thereto.

(c) The estimated extent of the works of this corporation in Virginia is a system of sewer lines comprising approximately five miles of trunk line sewers and approximately ten miles of

ROBINSON AND KEMPER
ATTORNEYS AT LAW
BLUEFIELD, W. VA.

sufficient to meet the sewerage requirements of the City of Bluefield, West Virginia, and the Town of Bluefield, Virginia, and adjacent territory.

(d) The period for the duration of this corporation shall be unlimited.

(e) The maximum and minimum capital stock of said corporation shall be five (5) shares, which this corporation shall have authority to issue and deliver, which shares are without nominal or par value, and upon which no dividends shall be declared or paid.

(f) The names and places of residence of the directors and of the officers who shall manage the affairs of the corporation for the first year, unless others are sooner chosen by the stockholders to act in their places are:

W. A. Light, Bluefield, West Virginia
Director and President

George Bumgardner, Jr., Bluefield, West Virginia
Director and Vice-President

E. G. Obey, Bluefield, West Virginia
Director and Treasurer

George Richardson, Jr., Bluefield, West Virginia
Director and Secretary

E. L. Bruce, Bluefield, West Virginia
Director

(g) The place in this state in which its principal office will be located is: Bluefield, Virginia.

(h) This corporation shall have the right to charge, collect, and enforce reasonable and proper fees or rates, and

make and enforce reasonable and proper regulations for the service of collection, purifying and disposing of sewage subject to determination and regulation by any municipality, board, commission or other body now or hereafter authorized by law so to do.

The stockholders of this corporation shall be only those persons who have been duly appointed by the board of directors of the City of Bluefield, West Virginia, to membership upon and are actively serving as members of the sanitary board of said city, created pursuant to the provisions of chapter 25 of the Acts of the West Virginia Legislature, First Extraordinary Session, 1933, as amended, the secretary of said sanitary board and the city manager of said city of Bluefield, and upon the discontinuance or termination of such service by any one of such stockholders, for any cause whatever, the stock in this corporation issued to and held by him shall immediately be transferred to his successor in office.

This corporation shall have all the general powers and be subject to all the general restrictions conferred and imposed on corporations by chapter one hundred and forty-seven of the Code of Virginia, and the laws of said State relating to corporations, so far as applicable thereto, and shall also have power:

(1) To cause to be made such examinations and surveys for its proposed line or location of its works as may be necessary to the selection of the most advantageous locations, route or routes, or for the improvement or straightening of its line, or works, or change of location or construction, or providing additional facilities, and for such purposes, by its officers and

servants, to enter upon the lands or waters of any person, but subject to responsibility for all damages that may be done thereto.

(2) To take and hold such voluntary grants of real estate, and other property, as shall be made to it to aid in the construction, maintenance and accommodation of its work, terminals and appurtenances.

(3) To purchase, lease, or otherwise acquire, hold and use all such real estate or other property as may be necessary for the construction and maintenance of its lines, or works, its terminals, and other accommodations necessary to accomplish the objects of its incorporation.

(4) To lay out lines, or works, as in these articles of association, and in chapter 150 of the Code of Virginia provided, and to construct the same.

(5) To consolidate or merge its works, property and franchises with that of any other corporation incorporated for like purposes, in or out of the State of Virginia, or in the State of Virginia and another State, as provided in chapter one hundred and forty-seven of the Code of Virginia; and to purchase or lease the works, property and franchises, or any part thereof, of any other such corporation, and to sell or lease its property, works and franchises, or any part thereof, to any other such corporation chartered and organized under the laws of this State.

(6) To exercise the right of eminent domain to the extent and in the manner now or hereafter provided by the laws of the State of Virginia.

(7) To exercise all other powers granted by chapter 150 of the Code of Virginia and all the powers conferred upon corporations of a like character by the existing laws of the State of Virginia, so far as not in conflict with said chapter 150 of the Code, and by all acts hereafter passed amendatory thereof, or supplemental thereto.

To extend its sewer lines or any branch thereof into the State of West Virginia, and, conformably to the laws of said state, to hold, own, maintain, improve, enlarge and operate in and for the City of Bluefield, West Virginia, a system of sewerage lines and works including a sewage treatment or disposal plant or plants, and to exercise in connection therewith in West Virginia any and all of the rights and powers hereinabove enumerated, as well as any and all rights conferred upon corporations of like or similar character by the laws of the State of West Virginia not in conflict with the laws of the State of Virginia.

IN TESTIMONY WHEREOF we have hereunto set our hands on this 30th day of June, 1936.

[illegible]

George Vaughan Jr

[illegible]

George Richardson Jr

[illegible]

STATE OF WEST VIRGINIA,

COUNTY OF MARION, to-wit:

I, Albert V. Campbell, a Notary Public within and for the County and State aforesaid, do certify that W. A. Lloyd, George Hamilton, Jr., E. C. Otey, George Richardson, Jr., and K. L. Bruce, whose names are signed to the writing annexed hereto, bearing date the 30th day of June, 1936, have each this day acknowledged the same before me in my said County.

Given under my hand and official seal this 30th day of June, 1936.

My commission expires January 19th, 1943.

Albert V. Campbell
Notary Public.

C. C. 141—2-2-19—1M.

COMMONWEALTH OF VIRGINIA

DEPARTMENT OF THE STATE CORPORATION COMMISSION

City of Richmond, 1st *day of* July, 1936.

The accompanying Articles of Association, together with the charter fee required by law, having been presented to the STATE CORPORATION COMMISSION by W. A. Light, George Dunglinson, Jr., S. O. Otey, George Richardson, Jr., and K. L. Bruce,

and the State Corporation Commission, having examined said articles now declares that the said applicants have complied with the requirements of law and have entitled themselves to a charter and it is therefore ordered that they and their associates and successors be, and they are hereby, made and created a body politic and corporate, under and by the name of

The Sanitary Board of Bluefield, Incorporated,

upon the terms and conditions, and for the purposes set forth in said articles, with all the powers and privileges conferred and subject to all the conditions and restrictions imposed by law.

And said Articles of Association, with this order, are hereby ordered to be admitted to record.

W. Meade Fletcher
Chairman.

Attest: H. W. Anderson
Clerk of the Commission.

COMMONWEALTH OF VIRGINIA:

OFFICE OF THE STATE CORPORATION COMMISSION.

In the CITY OF RICHMOND, the 1st day of July 1936

The foregoing charter of The Sanitary Board of Bluefield, Incorporated,

was this day received and duly admitted to record in this office.

STATE CORPORATION COMMISSION,

By W. Meade Fletcher
Chairman.

Attest: H. W. Anderson
Clerk of the Commission.

Commonwealth of Virginia

State Corporation Commission

I Certify the Following from the Records of the Commission:

the foregoing is a true copy of all documents constituting the charter of THE SANITARY BOARD OF BLUEFIELD, INCORPORATED.

Nothing more is hereby certified.

V

n

Signed and Sealed at Richmond
on this Date: June 22, 1992

William J. Bridge

William J. Bridge, Clerk of the Commission

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

PETITION OF SANITARY BOARD

The Sanitary Board of The City of Bluefield (the "City") hereby petitions the Board of Directors of the City to enact an ordinance directing that Sewer Revenue Bonds of the City be issued in two or more series pursuant to the provisions of Chapter 16, Article 13 of the West Virginia Code of 1931, as amended, such bonds to be in an amount not to exceed $1,950,000 for the purpose of (i) financing the cost of acquisition and construction of certain additions, betterments and improvements to the sewerage system of the City, together with all necessary appurtenances, and (ii) paying the costs of issuance and related costs.

Dated this 26th day of March, 2013

SANITARY BOARD OF THE CITY OF BLUEFIELD

By: _____
Its: Chairman

AUTHORIZING RESOLUTION
Clean Water State Revolving Fund

At the meeting of the City of Bluefield, Linda Whalen, Mayor, Bobbi Kersey, Clerk and Shannon Bailey, Sanitary Board Executive Director, are duly authorized to act on and sign on behalf of the City of Bluefield any and all federal and state actions as they relate to planning, design, and/or construction of wastewater facilities.

This motion being duly presented and seconded, has been adopted by a quorum vote and therefore Linda Whalen, Mayor, Bobbi Kersey, Clerk and Shannon Bailey, Sanitary Board Executive Director may sign all such documents relative to wastewater facilities on behalf of the City of Bluefield, but only upon approval of such documents by the City or the Sanitary Board as appropriate.

Adopted this 11th day of June, 2013

[Seal]

By: _____
Mayor

By: _____
Clerk

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD, WEST VIRGINIA

WHEREAS, The City of Bluefield, West Virginia, owns and operates a municipal sewerage system;

WHEREAS, said system is operated in the State of West Virginia by the Sanitary Board of the City of Bluefield ("Sanitary Board"), and in the Commonwealth of Virginia by the Bluefield Sanitary Board, Inc.;

WHEREAS, the Net Revenues of the Sanitary Board which are generated pursuant to the tariff in effect since January 1, 2008, are projected by the Board's auditors to be insufficient to meet the rate covenants of the bonded indebtedness of the Sanitary Board, to wit: Sewer Refunding Revenue Bonds Series 1992, 1995, 1998,2000 and 2004;

WHEREAS, the Sanitary Board intends to borrow $1,554,112 to undertake the Ada Wastewater Treatment Plant upgrade project ("Project");

WHEREAS, the debt service associated with the loan for the Project requires an increase in rates; and

WHEREAS, the Sanitary Board's tariff should be revised to match costs to cost causers by adding charges for commodity service, revising the leak adjustment rate to reflect costs of treatment, providing a tiered tap fee, updating the disconnection and reconnection fees, adding a bill reprint fee, adding an Electronic Funds Transfer ("EFT"), credit card, and drop box payment fee, and adding a charge applicable where surface drains are connected to the Sanitary Board's sanitary sewer system;

WHEREAS, the Sanitary Board's auditors, Griffith & Associates, PLLC, have prepared financial projections recommending the below described tariff as being sufficient to meet the rate covenants of the Sanitary Board's bonded indebtedness; and,

WHEREAS, for the reasons set forth above, the sewer rates, fees and charges of the City of Bluefield must be increased.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD HEREBY ORDAINS: The following schedule of rates, fees, and charges to be charged are hereby fixed and determined as the rates, fees, charges, and delayed payment penalties

to be charged to customers of the sewerage system of the City of Bluefield throughout the entire territory served.

SECTION 1, SCHEDULE OF VOLUMETRIC RATES

A. THE RATES AND CHARGES SET OUT IMMEDIATELY BELOW WILL BECOME EFFECTIVE FOR ALL SEWERAGE DELIVERED INTO THE SYSTEM ON AND AFTER MAY 12, 2012.

First 10,000 gallons used per month $8.69 per 1,000 gallons

Next 115,000 gallons used per month $7.98 per 1,000 gallons

Next 375,000 gallons used per month $7.75 per 1,000 gallons

All over 500,000 gallons used per month $5.79 per 1,000 gallons

SERVICE TO OTHER SYSTEMS

Available for sanitary sewer service to other systems.
Rate per metered gallons $3.50 per 1,000 gallons

MINIMUM MONTHLY CHARGE

The minimum monthly charge to any user of the sewerage system shall be $17.38.

SECTION 2, ADDITIONAL CHARGES AND TERMS

A. THE RATES AND CHARGES SET OUT IMMEDIATELY BELOW WILL BECOME EFFECTIVE FOR ALL SEWERAGE DELIVERED INTO THE SYSTEM ON AND AFTER MAY 12, 2012.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 240 mg/1.

Rate applicable to Total Suspended Solids (TSS) concentration in excess of 240 mg/1.

This surcharge will be based on the following formulas applicable to users whose wastewaters are treated at the POTW:

US = (BOD -240) (8.345) ($0.21) Vu for 1 million gal. and over
US = (SS-240) (8.345) ($0.26) Vu for 1 million gal. and over
US = (BOD - 240) (8.345) ($1.00/#BOO) for up to 1 million gal. and over US
= (SS-240) (8.345) ($1.00/#SS) for up to 1 million gal. and over where

US = User's surcharge per month in dollars
BOD = Average measured BOD value of user's wastewater in mg/1 SS =
Average measured SS value of user's wastewater in mg/1
Vu = Volume of user's monthly wastewater contribution in millions of gallons

* The above formulas reflect the current estimated operation and maintenance costs for treatment per pound of BOD and SS at the POTW. The factors affecting such costs may be reviewed by The Sanitary Board and the above formulas revised to reflect revised operation and maintenance costs as required.

COMMODITY CHARGE

Each hauler shall pay a commodity charge of $0.10 per gallon based on the volume of the tank weather partially full or full.

LEAK ADJUSTMENT RATE

$2.99 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

Ten Percent (10%) penalty shall be added to all charges not paid within twenty (20) days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

UNMETERED USERS

In locations where the customer has no water meter, charges for sewer service shall be assessed based upon a reasonable rate or formula to be applied equally to all unmetered users or in the alternative the minimum monthly rate provided for herein shall be charged.

Customers having water uses which result in a substantial portion of the water purchased not being discharged to the sanitary sewer system shall be entitled to an adjusted sewer service charge. Such adjusted charges shall be based as nearly as possible upon the actual volume of waste water discharged to the Bluefield Sanitary Sewer System. This volume of waste water shall be measured by special meters or calculated by reasonable formula.

TAP OR CONNECTION FEE

The following charges are to be made whenever a utility installs a new tap to serve an applicant.

A tap fee of $100.00 will be charged to customers applying for service before construction on standard or alternate main line extensions or certificate projects. This pre-construction tap fee will be invalid after the completion of construction of the standard or alternate main line extension or certificate project.
A tap fee of the greater of $350.00 or the actual cost, solely determined by the Utility, will be charged to all customers who apply for service outside of a standard or alternate main line

extension or certificate project.

WATER DISCONNECT-RECONNECT FEES

Whenever water service has been disconnected for nonpayment of sewer bills, a sewer service disconnection fee of $20.00 shall be charged.

Whenever water service which has been previously disconnected, or otherwise withheld for nonpayment of sewer bill, is reconnected, a reconnection fee of $20.00 shall be charged.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent of revenues from sewer service sales by the sewer utility within the corporate limits of such municipalities, shall be billed as a "surcharge" to the customers receiving service within said corporate limits.

The sewer utility is required to collect the utility tax pursuant to West Virginia Code Section 8-13-5a.

Customers receiving sewer service within the corporate limits of the specified municipality shall pay the following surcharge rates.

Municipality	Utility Excise Tax, Local Tax Rate	Surcharge rate
Bluefield, WV	2%	2%

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reasons, the bank's charge to the Sanitary Board of Bluefield shall be the charge to the customer, but such charge to the customer shall not exceed $25.00.

SECURITY DEPOSIT

New customers or customers to a new location must pay the Sanitary Board's security deposit and present a receipt for payment of the security deposit to the water utility serving the new customer before water service can be provided. A security deposit not to exceed two-twelfth (2/12) of the annual estimated charge for the class of customer served shall be charged to new customers and reconnected customers of the sewerage system of the City of Bluefield throughout the entire territory served.

BILL REPRINT FEE

A charge of $1.00 will be assessed to customers who do not present the bar coded section of the bill provide by the Sanitary Board with payment.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on Electronic Funds Transfer ("EFT"), credit card or drop box payments equal to the actual charges from the financial institution to the Sanitary Board.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SEWER SYSTEM

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = The measured monthly rainfall, in inches .
. 0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and

that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

SURCHARGE FORMULA TO BE APPLIED TO A CUSTOMER PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi$$

Ci = charge to unusual users per year
Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi = volume of waste water from unusual users, in gallons per year
Bo = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per pound
Bi = weight of BOD from unusual users, in pounds per year
So = average unit costs of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
Si = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the costs of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SECTION 3, SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision, or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders, or parts thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders, or parts thereof, the same shall remain in full force and effect.

SECTION 4, STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Sanitary Board shall publish a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication, in the Bluefield Daily Telegraph and the Princeton Times, stating that this Ordinance has been introduced, and that any person interested may appear before the City Board on the 27th day of March, 2012 at 5:00 p.m., which date is not less than ten (10) days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Board shall take such action as it shall deem proper in the premises.

CERTIFICATE

The undersigned Clerk of the City of Bluefield, West Virginia, does hereby certify that the foregoing is a true copy of an Ordinance duly adopted at a regular meeting of the City Board of the city of Bluefield, West Virginia, on the 27th day of March, 2012.

Given under my hand and seal this 27th day of March, 2012.

Helen L. Mitchell

Helen Mitchell, Clerk of the City of Bluefield

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
HELEN L. MITCHELL
308 OAKDELL AVENUE
BLUEFIELD, WV 24701
My commission expires July 13, 2018

4199371.2

NOTICE

AN ORDINANCE ESTABLISHING AND FIXING RATES, FEES, AND CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD, WEST VIRGINIA

WHEREAS, The City of Bluefield, West Virginia, owns and operates a municipal sewerage system;

WHEREAS, said system is operated in the State of West Virginia by the Sanitary Board of the City of Bluefield ("Sanitary Board"), and in the Commonwealth of Virginia by the Bluefield Sanitary Board, Inc.;

WHEREAS, the Net Revenues of the Sanitary Board which are generated pursuant to the tariff in effect since January 1, 2008, are projected by the Board's auditors to be insufficient to meet the rate covenants of the bonded indebtedness of the Sanitary Board, to wit: Sewer Refunding Revenue Bonds Series 1992, 1995, 1998,2000 and 2004;

WHEREAS, the Sanitary Board intends to borrow $1,554,112 to undertake the Ada Wastewater Treatment Plant upgrade project ("Project");

WHEREAS, the debt service associated with the loan for the Project requires an increase in rates; and

WHEREAS, the Sanitary Board's tariff should be revised to match costs to cost causers by adding charges for commodity service, revising the leak adjustment rate to reflect costs of treatment, providing a tiered tap fee, updating the disconnection and reconnection fees, adding a bill reprint fee, adding an Electronic Funds Transfer ("EFT"), credit card, and drop box payment fee, and adding a charge applicable where surface drains are connected to the Sanitary Board's sanitary sewer system;

WHEREAS, the Sanitary Board's auditors, Griffith & Associates, PLLC, have prepared financial projections recommending the below described tariff as being sufficient to meet the rate covenants of the Sanitary Board's bonded indebtedness; and,

WHEREAS, for the reasons set forth above, the sewer rates, fees and charges of the City of Bluefield must be increased.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD HEREBY ORDAINS: The following schedule of rates, fees, and charges to be charged are hereby fixed and determined as the rates, fees, charges, and delayed payment penalties to be charged to customers of the sewerage system of the City of Bluefield throughout the entire territory served.

SECTION 1, SCHEDULE OF VOLUMETRIC RATES

A. THE RATES AND CHARGES SET OUT IMMEDIATELY BELOW WILL BECOME EFFECTIVE FOR ALL SEWERAGE DELIVERED INTO THE SYSTEM ON AND AFTER MAY 12, 2012.

First 10,000 gallons used per month $6.99 per 1,000 gallons
Next 115,000 gallons used per month $7.86 per 1,000 gallons
Next 375,000 gallons used per month $7.75 per 1,000 gallons
All over 500,000 gallons used per month $5.79 per 1,000 gallons

SERVICE TO OTHER SYSTEMS

Available for sanitary sewer service to other systems.
Rate per metered gallons $3.50 per 1,000 gallons

MINIMUM MONTHLY CHARGE

The minimum monthly charge to any user of the sewerage system shall be $17.38.

SECTION 2, ADDITIONAL CHARGES AND TERMS

A. THE RATES AND CHARGES SET OUT IMMEDIATELY BELOW WILL BECOME EFFECTIVE FOR ALL SEWERAGE DELIVERED INTO THE SYSTEM ON AND AFTER MAY 12, 2012.

INDUSTRIAL SURCHARGE RATES

Rate applicable to Biological Oxygen Demand (BOD) concentration in excess of 240 mg/1.
Rate applicable to Total Suspended Solids (TSS) concentration in excess of 240 mg/1.
This surcharge will be based on the following formulas applicable to users whose wastewaters are treated at the POTW:

US = (BOD -240) (8.345) ($0.21) Vu for 1 million gal. and over US = (SS-240) (8.345) ($0.26) Vu for 1 million gal. and over
US = (BOD - 240) (8.345) ($1.00/#BOD) for up to 1 million gal. and over US = (SS-240) (8.345) ($1.00/#SS) for up to 1 million gal. and over where
US = User's surcharge per month in dollars
BOD = Average measured BOD value of user's wastewater in mg/1 SS = Average measured SS value of user's wastewater in mg/1
Vu = Volume of user's monthly wastewater contribution in millions of gallons

* The above formulas reflect the current estimated operation and maintenance costs for treatment per pound of BOD and SS at the POTW. The factors affecting such costs may be reviewed by The Sanitary Board and the above formulas revised to reflect revised operation and maintenance costs as required.

COMMODITY CHARGE

Each hauler shall pay a commodity charge of $0.10 per gallon based on the volume of the tank weather partially full or full.

LEAK ADJUSTMENT RATE

$2.99 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such unusual consumption above the customer's historical average usage.

DELAYED PAYMENT PENALTY

Ten Percent (10%) penalty shall be added to all charges not paid within twenty (20) days from the date of the billing. This delayed payment is not interest and is only to be collected once for each bill where it is appropriate.

UNMETERED USERS

In locations where the customer has no water meter, charges for sewer service shall be assessed based upon a reasonable rate or formula to be applied equally to all unmetered users or in the alternative the minimum monthly rate provided for herein shall be charged.

Customers having water uses which result in a substantial portion of the water purchased not being discharged to the sanitary sewer system shall be entitled to an adjusted sewer service charge. Such adjusted charges shall be based as nearly as possible upon the actual volume of waste water discharged to the Bluefield Sanitary Sewer System. This volume of waste water shall be measured by special meters or calculated by reasonable formula.

TAP OR CONNECTION FEE

The following charges are to be made whenever a utility installs a new tap to serve an applicant.
A tap fee of $100.00 will be charged to customers applying for service before construction on standard or alternate main line extensions or certificate projects. This pre-construction tap fee will be invalid after the completion of construction of the standard or alternate main line extension or certificate project.
A tap fee of the greater of $350.00 or the actual cost, solely determined by the Utility, will be charged to all customers who apply for service outside of a standard or alternate main line extension or certificate project.

WATER DISCONNECT-RECONNECT FEES

Whenever water service has been disconnected for nonpayment of sewer bills, a sewer service disconnection fee of $20.00 shall be charged.
Whenever water service which has been previously disconnected, or otherwise withheld for nonpayment of sewer bill, is reconnected, a reconnection fee of $20.00 shall be charged.

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent of revenues from sewer service sales by the sewer utility within the corporate limits of such municipalities, shall be billed as a "surcharge" to the customers receiving service within said corporate limits.
The sewer utility is required to collect the utility tax pursuant to West Virginia Code Section 8-13-5a.
Customers receiving sewer service within the corporate limits of the specified municipality shall pay the following surcharge rates.

Municipality	Utility Excise Tax, Local Tax Rate	Surcharge rate
Bluefield, WV	2%	2%

RETURNED CHECK CHARGE

If a check received is returned by the bank for any reasons, the bank's charge to the Sanitary Board of Bluefield shall be the charge to the customer, but such charge to the customer shall not exceed $25.00.

SECURITY DEPOSIT

New customers or customers to a new location must pay the Sanitary Board's security deposit and present a receipt for payment of the security deposit to the water utility serving the new customer before water service can be provided. A security deposit not to exceed two-twelfth (2/12) of the annual estimated charge for the class of customer served shall be charged to new customers and reconnected customers of the sewerage system of the City of Bluefield throughout the entire territory served.

BILL REPRINT FEE

A charge of $1.00 will be assessed to customers who do not present the bar coded section of the bill provide by the Sanitary Board with payment.

EFT, CREDIT CARD AND DROP BOX PAYMENTS

A service charge will be imposed on Electronic Funds Transfer ("EFT"), credit card or drop box payments equal to the actual charges from the financial institution to the Sanitary Board.

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE UTILITY'S SEWER SYSTEM

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S = The surcharge in dollars
A = The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet.
R = The measured monthly rainfall, in inches .
.0006233 = A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water.
C = The utility's approved rate per thousand gallons of metered water usage.

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules of the Public Service Commission of West Virginia.

SURCHARGE FORMULA TO BE APPLIED TO A CUSTOMER PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

Cl = VoVl + BoBl + SoSl
Cl = charge to unusual users per year
Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vl = volume of waste water from unusual users, in gallons per year
Bo = average unit cost of treatment, chargeable to Biochemical, Oxygen Demand (BOD), in dollars per pound
Bl = weight of BOD from unusual users, in pounds per year
So = average unit costs of treatment (including sludge treatment) chargeable to total solids,in dollars per pound
Sl = weight of total solids from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the costs of transport and treatment thereof, will be made. Waste containing materials which, in the judgment of the utility should not be introduced into the sewer system need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefore, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user. Based on these audited figures, additional billings covering the past fiscal year will be made for payment by each unusual user, or refund given by the utility, as the case may be. Such audited figures will then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SECTION 3, SEPARABILITY; REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are separable, and if any clause, provision, or section hereof be held void or unenforceable by any court of competent jurisdiction, such holding shall not affect the remainder of this Ordinance. All resolutions, orders, or parts thereof in conflict with the provisions of this Ordinance are, to the extent that the provisions of this Ordinance do not touch upon the provisions of prior resolutions, orders, or parts thereof, the same shall remain in full force and effect.

SECTION 4, STATUTORY NOTICE AND PUBLIC HEARING

Upon introduction hereof, the Sanitary Board shall publish a copy of this Ordinance once a week for two (2) successive weeks within a period of fourteen (14) consecutive days, with at least six (6) full days intervening between each publication, in the Bluefield Daily Telegraph and the Princeton Times, stating that this Ordinance has been introduced, and that any person interested may appear before the City Board on the 27th day of March, 2012 at 5:00 p.m., which date is not less than ten (10) days subsequent to the date of the first publication of the Ordinance and notice, and present protests. At such hearing all objections and suggestions shall be heard and the Board shall take such action as it shall deem proper in the premises.

CERTIFICATE

The undersigned Clerk of the City of Bluefield, West Virginia, does hereby certify that the foregoing is a true copy of an Ordinance duly adopted at a regular meeting of the City Board of the city of Bluefield, West Virginia, on the 27th day of March, 2012.

Given under my hand and seal this _____ day of March, 2012.

Helen Mitchell, Clerk of the City of Bluefield

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

I, Jeremy Basham of the Princeton Times, a weekly newspaper published in the City of Princeton, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Princeton Times

Two (2) Time(s)

on the following day(s), namely; March 16th & 23rd

in the year 2012.

Publication Fee: $615.23

Subscribed and sworn to before me this 23rd day of March 2012.

My Commission expires Dec 16 2019.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA MOORE
BLUEFIELD DAILY TELEGRAPH
920 BLUEFIELD AVE.
BLUEFIELD, WV 24701
My commission expires December 16, 2019

9949 4X17

POST

PUBLIC NOTICE OF CHANGE IN RATES

NOTICE is hereby given that the City of Bluefield, WV, has adopted by ordinance on March 27, 2012 a tariff containing increased rates, tolls and charges for furnishing sewer service to 5,687 customers at Bluefield in the County of Mercer, West Virginia, and 2,171 customers in Bluefield, Virginia.

The proposed increased rates and charges will become effective May 12, 2012 unless otherwise ordered by the Public Service Commission and will produce approximately $356,812 annually in additional revenue, an increase of 8.0%. The average monthly bill for the various classes of customers will be changed as follows:

	($) INCREASE	INCREASE (%)
Residential	5.39	16.0
Commercial	11.98	16.0
Industrial	18.91	16.0
Bluefield, VA water plant	387.17	16.0
Resale	0	0
Septic Haulers	0	0

Resale customers of the City of Bluefield, WV include the Tazewell County Public Service Authority.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing. The Commission shall review and approve or modify the increased rates only upon the filing of a petition within thirty (30) days of the adoption of the ordinance changing said rates or charges, by:

(1) Any customer aggrieved by the changed rates or charges who presents to the Commission a petition signed by not less than twenty-five percent of the customers served by such municipally operated public utility; or

(2) Any customer who is served by a municipally operated public utility and who resides outside the corporate limits and who is affected by the change in said rates or charges and who presents to the Commission a petition alleging discrimination between customers within and without the municipal boundaries. Said petition shall be accompanied by evidence of discrimination; or

(3) Any customer or group of customers who are affected by said change in rates who reside within the municipal boundaries and who present a petition to the Commission alleging discrimination between said customer or group of customers and other customers of the municipal utility. Said petition shall be accompanied by evidence of discrimination.

All petitions should be addressed to the Executive Secretary, Public Service Commission of West Virginia, 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

A complete copy of the proposed rates, as well as a representative of the utility to provide any information requested concerning it, is available to all customers, prospective customers, or their agents at any of the following offices of the utility.

Sanitary Board of the City of Bluefield, WV
100 Rogers St.
P.O. Box 998
Bluefield, WV 24701-0998

A copy of the proposed rates is available for public inspection at the office of the Executive Secretary of the Public Service Commission at 201 Brooks Street, P. O. Box 812, Charleston, West Virginia 25323.

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

I, Jeremy Basham of the Princeton Times, a weekly newspaper published in the City of Princeton, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Princeton Times

Two (2) Time(s)

on the following day(s), namely March 30 & April 6

in the year 2012.

Publication Fee: $128.92

Jeremy Basham

Subscribed and sworn to before me this 6th day of April 2012.

My Commission expires Dec 16 2018.

Teresa Moore

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA MOORE
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVE.
BLUEFIELD, WV 24701
My commission expires December 16, 2018

9949 3X4 3/4

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
March 27, 2012

The Board of Directors of the City of Bluefield, West Virginia met in regular session March 27, 2012 at 6:00 p.m. in the Municipal Boardroom. Present were Mayor Linda K. Whalen; Directors, Mary Frances Brammer, Tom Blevins and Pete Sternloff; City Manager Andy Merriman, City Attorney Brian Cochran and City Clerk Helen L. Mitchell. Director Deb Sarver was not in attendance.

INVOCATION/PLEDGE

The Invocation was given by Gene Wyatt, followed by the Pledge of Allegiance.

Mayor Linda Whalen welcomed everyone to the meeting.

MINUTES

Minutes of the March 13, 2012 meeting were unanimously approved as presented on a motion by Director Pete Sternloff and seconded by Director Mary Frances Brammer.

DISCUSSION ITEMS

City Manager Andy Merriman stated that the first discussion item was an ordinance for repeat offenders of code violations.

Mayor Linda Whalen discussed that the code enforcement department spends a lot of time with repeat offenders of code violations and asked for solutions to this problem.

City Manager Merriman explained that this had been addressed by the WV Municipal League and the bill was laid out this legislative year but was killed in the House Judiciary.

ACTION ITEMS

Manager Merriman read into the record the Second Reading of an Ordinance establishing and fixing Rates, Fees and Charges for Service to Customers of the Sewerage System of the City of Bluefield, West Virginia.

Manager Merriman advised that a public hearing was held this date at 5:00 p.m. and this is the second reading of the ordinance.

Director Tom Blevins moved to approve the second reading of the ordinance as presented, seconded by Director Pete Sternloff.

Mayor Linda Whalen advised that this is a 16 per cent rate increase that will become effective on May 12, 2012.

There being no further discussion, the motion was unanimously approved and so ordered.

City Manager Merriman referred the Economic Development agenda item to the Board for instruction to the staff.

Mayor Linda Whalen asked for a motion to employ Jerry Berry as the Economic Development Director for the City of Bluefield and instructed City Attorney Brian Cochran to create an employment agreement.

Director Pete Sternloff made a motion to employ Jerry Berry as the Economic Development Director, seconded by Director Tom Blevins. Unanimously approved and so ordered.

Attorney Brian Cochran advised the Board that the terms of the agreement for the Economic Development Director would need to be voted on at a later date.

City Manager Merriman asked for the Board's approval of the budget for the FY 2012/2013. Manager Merriman advised that each board member had been provided a copy of the levy estimate for their review.

Director Pete Sternloff moved to approve the budget for FY 2012/2013 as presented, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

City Manager Merriman asked the Board to set the date to lay the levy for April 17, 2012 at 11:00 a.m.

Director Pete Sternloff moved to set the date to lay the levy for April 17, 2012, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

The agenda continued with a request for approval of $15,000 to upgrade accounting software to the Enterprise version and to purchase a receipt printer. Manager Merriman explained this software purchase is to piggyback on to the software purchased earlier for the Finance Department.

Director Pete Sternloff moved to approve the request of $15,000 to upgrade accounting software to the Enterprise version and to purchase a receipt printer, seconded by Director Mary Frances Brammer.

Director Sternloff asked if it would be possible to arrange a meeting with a representative from Mountaineer Computer Systems to discuss with the Board exactly what the city would be receiving with the purchase of this upgrade.

City Manager Merriman advised that a meeting could be arranged with the software company if the Board wished to table the motion.

Director Tom Blevins moved to table the motion to approve the request of $15,000 to upgrade the accounting software until a meeting can be arranged with the Board and the software company, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

City Manager Andy Merriman read into the record the Second Reading of an Ordinance providing for the Zoning Reclassification of a Parcel of Real Estate in the City of Bluefield from (R-2) Single Family District to (BH) Business Highway District by Amending the Zoning Map of the City of Bluefield as shown on the Exhibit hereto attached and declared to be a part of this ordinance as if the same was fully set forth therein.

Manager Merriman advised that this property was located on Grassy Branch, and the zoning reclassification was approved by the Planning Commission.

Director Tom Blevins moved to approve the second reading of the ordinance as read, seconded by Director Pete Sternloff. Unanimously approved and so ordered.

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF A PARCEL OF REAL ESTATE IN THE CITY OF BLUEFIELD FROM (R-2) SINGLE FAMILY DISTRICT TO (BH) BUSINESS HIGHWAY DISTRICT BY AMENDING THE ZONING MAP OF THE CITY OF BLUEFIELD AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH THEREIN.

WHEREAS, Steve Hall submitted an application to the City of Bluefield to rezone property shown on Tax Map 46, Parcel 148 (3 lots) lots 16, 17 & 18 Sec 6, Cumberland Heights, address being 2819 Grassy Branch, Bluefield, from R-2 to BH for a proposed commercial radiator shop in an approximate 50' x 42' pre-engineered steel metal building.

WHEREAS, this property is Bounded on the North by Tax Map 46, Parcel 149, Lots 14 & 15, Sec 6, Cumberland Heights and Tax Map 46, Parcel 158, Lots 5 & 6, Sec 6, Cumberland Heights, owners being Jimmie C. and Irma Howington. Bounded on the East by Tax Map 46, Parcel 159, Lot 7, Blk 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester, Tax Map 46, Parcel 160, Lot 8, Sec 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester c/o Sheila Pennington and Tax Map 46, Parcel 160.1, Lot 9, Sec 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester. Bounded on the South by Tax Map 46, Parcel 161, Lot 10, Sec 6 Cumberland Heights, owned by Alvis B. and Kella Coleman and Tax Map 46, Parcel 147.1, Lot 0.70 AC Grassy Branch, owned by D and R Automobile Truck Repair. Bounded on the West by Grassy Branch Road.

WHEREAS, on Wednesday, February 29th, 2012, the Planning Commission of the City of Bluefield, sitting as the Zoning Commission of said City, held a public hearing upon and thereafter made its recommendation to the Board of Directors of said City that this property be reclassified and rezoned as (BH).

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD, MERCER COUNTY West Virginia, IN REGULAR SESSION ASSEMBLED AS FOLLOWS:

That the property shown on Tax Map 46, Parcel 148 (3 lots) lots 16, 17 & 18 Sec 6, Cumberland Heights, address being 2819 Grassy Branch, City of Bluefield, is hereby reclassified and rezoned from R-2 to BH for a proposed commercial radiator shop in an approximate 50' x 42' pre-engineered steel metal building.

FIRST READING: March 13, 2012

SECOND READING AND ADOPTION:

FILED:

RECORDED:

_____
Mayor

_____
City Clerk

Mayor Linda Whalen presented a picture of new signage for the Lotito City Park provided for by the Beautification Commission and asked for a motion to approve the signage.

Director Pete Sternloff moved to approve new signage for the Lotito City Park, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

REPORTS OF OFFICERS, BOARD AND STANDING COMMITTEES

Director Pete Sternloff commented that on April 27, 2012, Landau Eugene Murphy, winner of "America's Got Talent" would be performing at the Bluefield City Auditorium. Director Sternloff said the ticket price was $25.00 a person with the proceeds going to charity.

Director Sternloff announced that the Bluefield Beautification Commission will be sponsoring a Gala on April 21 to raise money for their programs.

Director Sternloff also commented that there were many other arts and musical programs that would be taking place throughout the year.

Director Mary Frances Brammer commented that it was really nice to see the chairs filled at the Board meeting.

Director Brammer asked for prayer for a Princeton, WV family, schools and the community. Director Brammer asked for everyone to bow their heads in silent prayer for the family of a child who had committed suicide.

Director Tom Blevins congratulated the Bluefield State Men's Golf and Tennis teams who are nationally ranked.

Director Blevins asked that everyone come out and support the Big Blues.

City Manager Merriman addressed the issues regarding Americans with Disabilities (ADA) compliance at Mitchell Stadium.

Manager Merriman explained that the Department of Justice was notified of a complaint that Mitchell Stadium was not ADA compliant. Merriman advised that the City had been able to mitigate the financial impact of the initial requirement and were diligently working to make Mitchell Stadium ADA compliant.

Mayor Linda Whalen announced that the Lotito Park and the Ridge Runner Train would be opening to the public on April 1.

Mayor Whalen addressed the issue of the closing of the Kroger Store on Cumberland Road and the possible developments for that location. Mayor Whalen encouraged citizens to contact the corporate office for Food City regarding the need for a full service grocery store in that space.

Mayor Whalen commented on the attention the city had garnered from the display of the state flags on Bluefield Avenue, Bland Street and Cumberland Road.

PUBLIC COMMENTS

Art Riley on behalf of the Downtown Neighborhood Association thanked the Yakkity-Yak Committee and the City for the mulch for the Genoa playground.

Mr. Riley representing the Downtown Merchants thanked the City for the move on hiring an Economic Development Director.

Mr. Riley questioned if there would be an "Operation Clean Sweep" this year.

Manager Merriman stated his recommendation would be to do a natural clean sweep program, which would only include yard debris.

City Manager Merriman replied that "Operation Clean Sweep" would be discussed as a Board with full details to be announced at a later date.

Mr. Riley questioned the replacement of downtown streetlights and painting of the curbs.

Mayor Whalen stated that the streetlights would be replaced.

Charlene Long thanked the City for the erection of signs on Union Street for illegal parking on the grass and sidewalks.

Mayor Whalen asked that Chief Wilson have a police officer drive down Union Street every evening until the problem is corrected.

Ms. Long inquired as to which streets would be paved this year and the noise ordinance for loud radios.

Greg Shrewsbury representing the group "Restore Bluefield" addressed the board regarding the group's initiatives.

Mayor Whalen said that the City looks forward to people getting involved and the Board is always open to questions and concerns from any of our citizens.

Steve Coleman representing the Denver Foundation announced the Landau Eugene Murphy, Jr. concert on April 27, which will benefit the "West Virginia Honor Flight." The flight will be taking veterans of World War II and the Korean War to see their memorials in Washington, D. C.

Mr. Coleman said donations to the honor flight can be made online through the "Denver Foundation."

The contact information for Food City is smith@foodcity.com or oquinn@foodcity.com; the corporate phone number is 276-623-5100 for anyone wishing to contact Food City concerning a grocery store for Bluefield.

ANNOUNCEMENTS AND OTHER

- Bluefield Beautification's Commission Gala - David's at the Club - April 21, 2012
- Four Pal's Production's - "Hitsville, USA" - Ramsey School - April 12-14

Hearing no further business, the meeting was adjourned.

Helen L. Mitchell, City Clerk

Linda K. Whalen, Mayor

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
March 13, 2012

The Board of Directors of the City of Bluefield, West Virginia met in regular session March 13, 2012 at 12:00 p.m. in the Municipal Boardroom. Present were Mayor Linda K. Whalen; Directors Mary Frances Brammer, Tom Blevins, Deb Sarver and Pete Sternloff; City Manager Andy Merriman; City Attorney Brian Cochran and City Clerk Helen L. Mitchell.

INVOCATION/PLEDGE

The Invocation was given by Gene Wyatt, followed by the Pledge of Allegiance. Mayor Linda Whalen welcomed everyone to the meeting.

MINUTES

Minutes of the February 28, 2012 meeting were unanimously approved as presented on a motion by Director Mary Frances Brammer and seconded by Director Deb Sarver. The minutes of the Special Emergency Called meeting on March 5, 2012 were unanimously approved as presented on a motion by Director Pete Sternloff and seconded by Director Tom Blevins.

DISCUSSION ITEMS

City Manager Andy Merriman discussed that there was some foundation cracking on the playing surface of the tennis courts. Manager Merriman advised that an agreement had been reached with the company that did the work on the courts, and a recommendation for the expenditure to repair the tennis courts will be presented at the next board meeting.

City Attorney Brian Cochran stated that negotiations had been ongoing with Vasco and a reasonable settlement had been reached. Attorney Cochran advised the cost would be approximately $40,000 to repair the courts and the city's responsibility would be $15,000.

ACTION ITEMS

The agenda item regarding an Economic Development Director for the City of Bluefield was cancelled for this meeting and no action was taken.

City Manager Andy Merriman read into the record the First Reading of an Ordinance providing for the Zoning Reclassification of a Parcel of Real Estate in the City of Bluefield from (R-2) Single Family District to (BH) Business Highway District by Amending the Zoning Map of the City of Bluefield as shown on the Exhibit hereto attached and declared to be a part of this ordinance as if the same was fully set forth therein.

Manager Merriman advised that this property was located on Grassy Branch, and the zoning reclassification had been approved by the Planning Commission.

Director Pete Sternloff moved to approve the first reading of the ordinance as read, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

AN ORDINANCE PROVIDING FOR THE ZONING RECLASSIFICATION OF A PARCEL OF REAL ESTATE IN THE CITY OF BLUEFIELD FROM (R-2) SINGLE FAMILY DISTRICT TO (BH) BUSINESS HIGHWAY DISTRICT BY AMENDING THE ZONING MAP OF THE CITY OF BLUEFIELD AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH THEREIN.

WHEREAS, Steve Hall submitted an application to the City of Bluefield to rezone property shown on Tax Map 46, Parcel 148 (3 lots) lots 16, 17 & 18 Sec 6, Cumberland Heights, address being 2819 Grassy Branch, Bluefield, from R-2 to BH for a proposed commercial radiator shop in an approximate 50' x 42' pre-engineered steel metal building.

WHEREAS, this property is Bounded on the North by Tax Map 46, Parcel 149, Lots 14 & 15, Sec 6, Cumberland Heights and Tax Map 46, Parcel 158, Lots 5 & 6, Sec 6, Cumberland Heights, owners being Jimmie C. and Irma Howington. Bounded on the East by Tax Map 46, Parcel 159, Lot 7, Blk 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester, Tax Map 46, Parcel 160, Lot 8, Sec 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester c/o Sheila Pennington and Tax Map 46, Parcel 160.1, Lot 9, Sec 6, Cumberland Heights, owned by Jeffrey N. and Dawn Lester. Bounded on the South by Tax Map 46, Parcel 161, Lot 10, Sec 6 Cumberland Heights, owned by Alvis B. and Kella Coleman and Tax Map 46, Parcel 147.1, Lot 0.70 AC Grassy Branch, owned by D and R Automobile Truck Repair. Bounded on the West by Grassy Branch Road.

WHEREAS, on Wednesday, February 29th, 2012, the Planning Commission of the City of Bluefield, sitting as the Zoning Commission of said City, held a public hearing upon and thereafter made its recommendation to the Board of Directors of said City that this property be reclassified and rezoned as (BH).

NOW THEREFORE BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD, MERCER COUNTY West Virginia, IN REGULAR SESSION ASSEMBLED AS FOLLOWS:

That the property shown on Tax Map 46, Parcel 148 (3 lots) lots 16, 17 & 18 Sec 6, Cumberland Heights, address being 2819 Grassy Branch, City of Bluefield, is hereby reclassified and rezoned from R-2 to BH for a proposed commercial radiator shop in an approximate 50' x 42' pre-engineered steel metal building.

FIRST READING: March 13, 2012

SECOND READING AND ADOPTION:

FILED:

RECORDED:

_____
Mayor

_____
City Clerk

City Manager Andy Merriman, as he does each year listed the priority projects for the City of Bluefield. This information is forwarded to Region I Planning & Development Council. Listed in order of importance, the priorities are as follows. These were voted on and unanimously passed on a motion by Director Tom Blevins, seconded by Director Pete Sternloff.

1. Transportation (air, rail, highway, water, public transportation)
2. Community Facilities & Service (water, sewer, neighborhood improvements, libraries, recreation, public safety, solid waste)
3. Economic Development (travel and tourism, industrial development, small business development)
4. Environment and Natural Resources (flood prevention, land use)
5. Housing
6. Human Resources (health, education, child development, aging)
7. Energy
8. Government

Category priorities as related to the community were as follows:

1. Colonial Intermodal Facility Project
2. Demolition/Residential
3. Scott Street Parking Garage Demolition

City Manager Merriman introduced Bluefield Sanitary Board Attorney James Kelsh who presented to the Board the sewer rate increase ordinance for the Bluefield Sanitary Board.

Attorney Kelsh explained that the Sanitary Board presented a rate increase in January but the ordinance was withdrawn prior to the second reading. Kelsh said, "The new ordinance will address the same problems as the prior ordinance but in a different way."

Kelsh advised that if the first reading of the ordinance is passed, there will be public hearing and second reading on March 27 with the new rates going into effect on May 12.

Kelsh explained that the Sanitary Board is not meeting its coverage requirements on its bonds, and it needs to implement a rate increase to bring its revenue in compliance with its bond obligations. Kelsh advised that the project at the Ada treatment plant has been scaled back from $2.9 million to approximately 1.5 million.

Kelsh explained that this rate increase would implement a 16 percent across the board rate increase to the customers, but that would only increase the Sanitary Board's revenue by 8 per cent due to the loss of large industrial customers.

Kelsh said, "This rate increase if adopted would increase the minimum bill charge by $2.40 per month, increasing the average monthly bill from $14.98 to $17.38." The average household using 4,000 gallons per month would see its monthly bill increase by $4.80 to a total of $34.76.

Kelsh explained this is a one-step increase of 16 percent and this ordinance will bring us immediately in compliance with our bond coverage requirements.

Director Pete Sternloff moved to adopt the rate increase as presented by the Sanitary Board, seconded by Director Tom Blevins. After discussion, the motion was unanimously approved and so ordered.

The agenda continued with an appointment to the Fine Arts Commission.

A motion to appoint Elaine Jessee to a five-year term on the Fine Arts Commission was made by Director Tom Blevins, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

City Manager Andy Merriman read into the record a Resolution authorizing the City of Bluefield to enter into a supplemental agreement with the West Virginia Department of Transportation for the replacement of the Martin Luther King Bridge.

Manager Merriman explained that the city's obligation of the project is $310,000 to go towards our match to replace the bridge with the total cost of the project to be $6.1 million.

It was discussed that the original cost of the project was to be $1.5 million.

Mayor Linda Whalen commended city officials on keeping the city's share of the bridge project at $310,000.

City Manager Merriman said the project is still eight months away from bidding, and that alternate routes are being worked out for traffic while the new bridge is under construction

Director Pete Sternloff moved to approve the resolution as read, seconded by Director Mary Frances Brammer. Unanimously approved and so ordered.

The final action item was the retirement of employee Novelda Pritchard. A resolution of Retirement was presented and read into the record by Mayor Linda Whalen.

RESOLUTION OF HONOR
NOVELDA PRITCHARD

WHEREAS, On Friday, March 16, 2012, Novelda Pritchard will retire from the City of Bluefield after 37 years of service to the citizens of Bluefield; and

WHEREAS, Ms. Pritchard began her career with the City of Bluefield in April of 1975; and

WHEREAS, During her 37 years of service, Ms. Pritchard has been a dedicated and loyal employee in the Treasury Department of the City while working for Nine City Treasurers and Six City Managers; and

WHEREAS, Ms. Pritchard is admired by her fellow employees for her integrity, trustworthiness, dependability, and her dedication to her family, her church, and to her community through her public service to the citizens of Bluefield; and

WHEREAS, through her responsible work in the Treasury Department, Ms. Pritchard has been an integral part in keeping the City fiscally sound; and

WHEREAS, the City of Bluefield acknowledges and appreciates Ms. Pritchard's many contributions through her work in the Treasury Department to our City and to the citizens of which she has faithfully served.

THEREFORE BE IT RESOLVED, that the Board of Directors of the City of Bluefield wishes Novelda the best in her retirement and thanks her for her commitment and service to the citizens of the City of Bluefield; Her wisdom, knowledge, and dedication will be greatly missed.

Linda K. Whalen, Mayor

Dr. Tom Blevins, Director

Mary Frances Brammer, Director

Deb Sarver, Director

Pete Sternloff, Director

Attest:

Helen Mitchell, City Clerk

Mayor Linda Whalen spoke on behalf of the Board and extended thanks and gratitude for a job well done. Mayor Whalen commended Ms. Pritchard for her loyalty and faithfulness for the past thirty-seven years in her job.

Mayor Whalen invited everyone attending the meeting to please join in refreshments honoring this occasion when the meeting adjourns.

REPORTS OF OFFICERS, BOARD AND STANDING COMMITTEES

Director Mary Frances Brammer thanked everyone for coming to the meeting. Director Brammer wished the Bluefield Beavers luck in the upcoming tournaments.

City Manager Andy Merriman gave updates on the bidding process on the Scott Street Parking Garage.

PUBLIC COMMENTS

Art Riley representing Downtown Merchants congratulated Ms. Pritchard on her retirement.

Mr. Riley asked if the public hearing date for the Sanitary Board rate increase had been set.

City Manager Merriman advised that the public hearing date was set in the ordinance for 5:00 p.m. on March 27, 2012.

Mr. Riley announced that the Ridge Runner would be opening on Sunday, April 1 and would be open on Saturday and Sunday from 12:00 to 6:00 p.m.

Steve Froy and Kathy Burch addressed the board regarding an ad that was published in the Daily Telegraph on May 24, 2011 asking for local vendors to sell food and drinks in the park. Ms. Burch stated that they had contacted the City of Bluefield and the Town of Bluefield regarding opening a concession stand in the park and was of the understanding that they would be allowed to open a concession stand near the Ridge Runner, but was now being advised that this might not be possible.

City Manager Merriman advised that the concern of fairness to everyone was the issue, and generally, it would be open to everyone in the City to submit a proposal. Manager Merriman said a decision would then be based on the assessment of the proposals.

Manager Merriman advised that the ultimate decision must be made by the City Board in deference to the investment that the Ridge Runner Committee has made.

Attorney Norris Kantor commented on the Sanitary Board rate increase and the demolition of the Martin Luther King Bridge.

ANNOUNCEMENTS AND OTHER

- The GBCC Annual Women's Conference – March 20 - 9-4 p.m. - David's at the Club.

Helen L. Mitchell, City Clerk

Linda K. Whalen, Mayor

NOTICE OF PUBLIC HEARING ON THE CITY OF BLUEFIELD BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a regular meeting of the Board of Directors of The City of Bluefield (the "City") to be held on Tuesday, May 14, 2013, at 12:00 p.m., at City Hall, 200 Rogers Street, Bluefield, West Virginia, and at such hearing any person interested may appear before the Board and present protests, and all protests and suggestions shall be heard by the Board and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN)PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above entitled Ordinance was approved by the Board on April 23, 2013.

The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in the Ordinance. The proceeds of the Bonds will be used (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the sewer system of the City. No taxes may at any time be levied for the payment of the Bonds or the interest thereon.

A certified copy of the above entitled Ordinance is on file with the Board at the office of the City Clerk for review by interested parties during regular office hours.

Following the public hearing, the Board intends to enact the Ordinance upon final reading.

Dated: April 24, 2013.

/s/ Helen Mitchell
City Clerk

341309
17360 1 X 12 1/2

CERTIFICATE OF PUBLICATION

State of West Virginia,

To-wit:-

County of Mercer,

I, Teresa Evans of the Bluefield Daily Telegraph, a daily newspaper published in the City of Bluefield, Mercer County, West Virginia, do certify that the notice attached hereto under the caption;

was published in the said Bluefield Daily Telegraph
2 (Two) Time(s)
on the following day(s), namely April 30th & May 7th
in the year 2013.

Publication Fee: $127.98

Subscribed and sworn to before me this 7th day of May 2013.

My Commission expires Dec 16 2018.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
TERESA MOORE
BLUEFIELD DAILY TELEGRAPH
928 BLUEFIELD AVE.
BLUEFIELD, WV 24701
My commission expires December 16, 2018

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
April 9, 2013

The Board of Directors of the City of Bluefield, West Virginia met in regular session April 9, 2013 at 12:00 p.m. in the Municipal Boardroom. Present were Directors Mary Frances Brammer, Deb Sarver & Pete Sternloff; City Manager Jim Ferguson; City Attorney Brian Cochran; City Treasurer Ken Mulkey; City Clerk Helen Mitchell and Bobbi Kersey. Mayor Linda Whalen and Director Tom Blevins were not in attendance.

INVOCATION/PLEDGE

The Invocation was given by Gene Wyatt, followed by the Pledge of Allegiance. Director Mary Frances Brammer welcomed everyone to the meeting.

MINUTES

Minutes of the March 26, 2013 meeting were approved as presented on a motion by Director Pete Sternloff, seconded by Director Deb Sarver.

DISCUSSION ITEMS

City Manager Jim Ferguson announced Bluefield's annual neighborhood clean up initiative will take place in the form of PROJECT CLEAN SWEEP scheduled this year from April 22 through May 16.

Basic Guidelines:

A. The project is open to City residences or businesses, only, which have City garbage service. *The free pickup will be suspended and normal City fees and ordinances will apply to anyone "carrying in" debris from out-of-city locations or who does not subscribe to City garbage pickup.*
B. Items for pick up must be placed in your regular trash pickup location. Please, place all items you want picked up out at the same time, so City crews won't have to make multiple stops at the same location.
C. Do not place any items out for pick up prior to the Sunday evening of the week designated for your neighborhood. *Items placed for pickup to or after the designated days for your neighborhood will be subject to normal fees and ordinances.*
D. Loose items and materials need to be secured against wind.
E. Any items for pickup must be placed outside no later than 8 a.m. on the Thursday of the week designated for your neighborhood.
F. Do not mix brush, tree trimmings, etc., with other debris. These items will be picked up by different crews, possibly at different times.
G. Hazardous materials (car batteries, solvents, oil or fuel, etc.) will not be picked up.
H. Tires or refrigerators type appliance, television or computers will not be picked up.
I. Construction or demolition debris will not be picked up.
J. Banned items will not be picked up by the city crews and must be taken care of immediately by the residences. If left on the curb, it could be subject to citation.

Schedule and Boundaries

Zone I-North side and section of the west end from Chestnut St. to Carolina Ave., west along Bluefield Ave. to the Virginia line- *April 22 through April 25*

Zone 2- Along Princeton Ave. and east side of Bland Street to north side of Cumberland Road, east to and along Grassy Branch Road- *April 29 through May 2*
Zone 3- South side of Cumberland Road, along Rt. 460 and East Cumberland Heights-*May 6 through May 9*
Zone 4-South Mercer area, Downtown area, west side of Bland Street to West Cumberland Road, Washington Street Ext. to Rt. 460 and west to Virginia line- *May 13 through May 16.*

Anyone with questions can call the Public Works office at 304-327-2490

The City Manager further noted that the city is upgrading Project Clean Sweep to pick up all lawn debris and brush but debris must be bagged. This year ranges, washers, dryers and scrap metal will also be picked up during the Clean Sweep. All items must be brought to the curb. Regular garbage service will stay on normal scheduled days.

Manager Ferguson said we are also looking for organizations, civic groups, citizen volunteers to adopt sections of our city to clean. If interested, call City Hall and speak with Angie Foley about adopting a section of our city to rid it of rubbish.

Manager Ferguson reported sidewalk replacement is ready to start on the west side of Bland Street starting at Clifford Street and continuing toward Wilson Street. The goal is to have it completed by August 24.

Manager Ferguson said three playgrounds in the city will be getting improvements thanks to a $45,000 gift from the June O. Shott Foundation. The three playgrounds are the East River Playground, the East End Playground and the Wayne Street Playground.

City Manager Ferguson announced that demolition of blighted properties will continue with a goal of fifty being demolished by year-end. A slight break will occur due to the Clean Sweep Project.

City Manager Ferguson reported that the US South 52 entrance to Bluefield will get a makeover. All the properties have been demolished. CASE is ready to start construction of homes on Highland Avenue and additional improvements to the surrounding properties.

City Manager Ferguson stated that AEP is ready to begin improvements to the electrical infrastructure of our city in the amount of $3.5 million. These improvements will involve up to 50 underground vaults located around the city with concentration in the downtown area.

Manager Ferguson announced that groundbreaking is scheduled on May 24 for the interpretive walk on the site of the formerly named Colonial Intermodal. This project is scheduled for completion prior to the Bluefield High School/Graham High School Football game. Ferguson showed an artist rendering and explained that three signs will be facing the downtown area with historical information. The remaining signs will face the rail yard and will also have historical information.

Manager Ferguson announced Team Blue night with the Bluefield Blue Jays is scheduled June 22.

Manager Ferguson explained an educational program called Lemonade Day WV will consist of three participating schools: Lashmeet Elementary School, Bluewell Elementary and Bluefield Intermediate. This program is designed to teach children, grades 3, 4 & 5, business skills, financial literacy and entrepreneur development. The program allows the opportunity to show students how to start up a business at a young age.

The City Manager introduced Shannon Bailey from the Bluefield Sanitary Board to discuss the Southern WV storm water management system that is being planned in conjunction with the Scott Street Open Air Parking Center. Mr. Bailey explained the City of Bluefield has had a storm water permit issued through the WV Department of Environment Protection since 2003. This permit is in place to help the state deal with storm water pollution.

Bluefield is one of 23 towns that has this permit and must comply with the DEP regulations. To comply with the DEP permit the Sanitary Board has been looking at projects. Because the Scott Street Parking Building was taken down to the bare ground, it presented an opportunity for these projects. The Sanitary Board considered the following:

- Catching all the rainfall
- Installing a tank to capture the water for later use on flowers
- Installing Pervious Concrete

They recommended that the City of Bluefield use pervious concrete. This design will catch the 1st one inch of rainfall, which meets the permit compliance. This is the largest project of this kind in the state. There was a description of how pervious concrete works, and Mr. Bailey said a sign would be erected at the Scott Street location explaining the project.

Installation of pervious concrete will save the city $90.00 a month in storm water fees. Director Pete Sternloff praised the project. The cost of the pervious concrete project is $56,211 and is not part of the original Scott Street project. City Manager Ferguson concluded the report on the Scott Street Parking by saying a landscaping project is currently being planned for the terraces located inside the Scott St. Parking Center. The opening is scheduled for Mid-May.

ACTION ITEMS

Director Pete Sternloff made a motion to accept a change of order for the Scott Street Open-Air Parking Pervious Concrete project, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Director Pete Sternloff made a motion to set a date for a special meeting to "Lay the Levy" for April 16, 2013 at 10:00 am, seconded by Director Deb Sarver. Unanimously approved and so ordered.

City Manager Ferguson introduced John Stump, an attorney from Steptoe and Johnson, to review an ordinance regarding financial improvements to the city sewer system. Two bond issues were reviewed:

1. Not to exceed $1.6 million
2. Not to exceed $350,000

Mr. Stump explained that the total cost is not expected to exceed $174,040 for the small bond and not expected to exceed $1,363,826 for the larger bond. The smaller loan will be forgiven by the federal government and is essentially a grant. There will be no rate increase to the citizens.

This is the first reading, the second reading is scheduled for April 23 and a final reading is scheduled for May 14 along with a public hearing. After the three readings, the city will have to pass a supplemental resolution passed. Mr. Stump said he would be attending the public hearing for questions. City Manager Ferguson read the ordinance.

FIRST READING OF BOND ORDINANCE AUTHORIZING THE ACQUISITIONN AND CONSTRUCTION OF ADDITIONS ,BETTERMENTS, AND IMPROVEMENTS, TO THE EXISTING SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROIVDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL OF SEWER REVENUE BONDS. SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 INAGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN) PROVIDING FOR THE RIGHTS AND REMEDIES OF A SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THETERMS AND PROVISONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Director Deb Sarver moved to approve the first reading of the ordinance as read, seconded by Director Pete Sternloff. Unanimously approved and so ordered

City Attorney Brian Cochran presented the first reading of an ordinance to amend Part II, Chapter 4 Animals, Article II of the City Code:

FIRST READING OF AN ORDINANCE TO AMEND PART II, CODE OF ORDINANCES OF THE CITY OF BLUEFIELD, CHAPTER 4 ANIMALS, ARTICLE II, DOGS AND CATS, SECTION 4-39, DEFINITIONS, AND THE ENACTMENT OF SUBSECTIONS 4-39 (5), AND 4-51 (1) AND (2).

WHEREAS, Chapter 8, Article 12, of the West Virginia Code grants West Virginia Municipalities the authority to pass Ordinances to promote the safety of its citizens and to prevent risk of harm to its citizens; and

WHEREAS, dangerous animals, specifically described in Article II, Section 4-39 (3) and (4) of the Code of Ordinances of the City of Bluefield, and typically referred to as pit bull dogs, and wolf-hybrids, are aggressive by nature, have a propensity to attack without provocation, and have been found to represent a public health and safety hazard; and

WHEREAS, the ownership, maintenance, and control of dogs and/or other animals within the City of Bluefield is a local concern, which is rationally related to the City's legitimate interests, and which is a proper exercise of its police powers granted by the West Virginia Legislature; and

WHEREAS, for the reasons set forth above, it is the desire of the Board of Directors of the City of Bluefield to amend Section 4-39 and enact subsections 4-39(5), 4-51(1), and 4-51(2) of the Code of Ordinances of the City of Bluefield; and

WHEREAS, the duly elected governing authority of the City of Bluefield is the Board of Directors thereof.

NOW, THEREFORE BE IT RESOLVED, that the City of Bluefield hereby adopts the amendment of Section 4-39 and the enactment of subsections 4-39(5), 4-51(1), and 4-51(2) as follows, effective April 23,2013:

Sec. 4-39. Definitions.

Dangerous animal means and includes the following:

1) (This subsection shall remain unchanged.).
2) (This subsection shall remain unchanged.)
3) (This subsection shall remain unchanged.)

{4) (This subsection shall remain unchanged.)

The owner of any animal described in subsections (3) and (4) of this definition shall register such animal with the city police department, ~~within ton days of the enactment of the ordinance from which this definition is derived or within ton days of bringing any such animal within the city limits.~~

(5) The owner of any animal described in subsections (3) and (4) of this section who has registered such animal with the city police department as required above, within ten (10) days of the effective date of Section 4-51(1), and who is in compliance with the proper and adequate safeguards to protect the public health, safety, and welfare described in Section 4-51, subsections (a), (b), (c), and (d), may keep such dog(s) within the confines of the City. However, this exemption shall not apply to such animal(s) acquired subsequent to passage of Section 4-51(1), or to animals found by the municipal court to be in violation of Section 4-51 (a) through (d). Nothing in this section shall prevent an owner of a "service animal," as defined by the Americans with Disabilities Act (ADA), from owning and keeping such service animal in the City.

Section 4-51. Pit bulldog, wolf-hybrid regulations.

1) Except as provided for in Section 4-39(5) of this Article, no person shall own, keep, or harbor a pit bull dog, as defined in Section 4-39(3), or any wolf species as defined in Section 4-39(4), within the corporate limits of the City.

2) This section is a necessary control to eliminate the risk of attack by dangerous animals on human beings and on other animals in the City, which have become a threat to the health, safety, and welfare of the public; and the lack of knowledge or lack of intent to injure is eliminated as a defense to any violation thereof.

a) *Leash and muzzle.* (This subsection shall remain unchanged.)
b) *Confinement.* (This subsection shall remain unchanged.)
c) *Confinement indoors.* (This subsection shall remain unchanged.)
d) *Signs.* (This subsection shall remain unchanged.)
e) Penalty. (This subsection shall remain unchanged.)

Passed on First Reading: _____
Passes on Second Reading: _____
Effective as of: _____

Director Pete Sternloff moved to approve the first reading of the ordinance as read, seconded by Director Deb Sarver. Unanimously approved and so ordered.

An issue was raised by a member of the public whether a second reading would have to include a public hearing. City Attorney Cochran assured him that a public hearing was not required.

City Manager Jim Ferguson requested a motion to table the first reading of an ordinance granting Appalachian Power Company, D/B/A American Electric Power Non-Exclusive Franchise due to the legal advertisement had not been published.

Director Pete Sternloff moved to table the AEP Ordinance until the legal advertisement had been published, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Director Deb Sarver moved to appoint Bobbi Kersey as the City Clerk, seconded by Director Pete Sternloff. Unanimously approved and so ordered.

Director Pete Sternloff moved to appoint Helen Mitchell (D) & Ken Mulkey (R) as ballot commissioners, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Director Pete Sternloff moved to appoint Dan Shortridge, contingent on him accepting, to the Zoning Board, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Director Deb Sarver moved to approve the payment application #8 to Swope Construction Company in the amount of $150,141.31 for the demolition of the Scott Street Parking Building, seconded by Director Pete Sternloff. Unanimously approved and so ordered.

REPORTS OF OFFICERS, BOARD AND STANDING COMMITTEES

Director Pete Sternloff recognized the successful "Gospel Sing" at Gary Bowling House of Art.

Director Mary Frances Brammer thanked everyone for coming to the meeting. Director Brammer announced and congratulated Mayor Whalen for becoming a new Grandmother thus the reason the Mayor was absent. Ms. Brammer said Director Blevins was ill and wished him a speedy recovery. She was also very pleased that more pit bull owners had registered with the city.

PUBLIC COMMENT

Art Riley, representing the Downtown Merchants, thanked Ms. Mitchell in appreciation for all of her hard work and dedication to the city.

Mr. Riley reminded everyone of the noon concerts to begin in downtown Bluefield on May 24.

Mr. Riley explained the problems of the Ridge Runner and believes they are now corrected. He thanked Lori Mills and other city employees for all of their help with the Ridge Runner.

Steve Coleman spoke in opposition of the pit bull ordinance.

Blaine Braithwaite offered the assistance of the South Bluefield Neighborhood Association with the cities consideration of the AEP franchise.

ANNOUNCEMENTS AND OTHER

- April 13 - Heritage Festival - Bluefield Area Arts Center – 10 a.m. – 4 p.m.
- Annual Better Living Show - Brushfork National Guard Armory - April 26 -10 a.m. – 8 p.m. April 27 – 10 a.m. – 6 p.m.
- Business after Hours "Sneak Peak" – April 25 - 5:30 p.m. – 7:30 p.m.

Director Pete Sternloff moved to adjourn the meeting, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Hearing no further business the meeting was adjourned.

Bobbi Kersey, City Clerk Linda Whalen, Mayor

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
April 23, 2013

The Board of Directors of the City of Bluefield, West Virginia met in regular session on April 23, 2013 at 6:00 pm in the Municipal Boardroom. Present were Mayor Linda K. Whalen; Director Mary Frances Brammer, Director Deb Sarver, Director Pete Sternloff; City Manager Jim Ferguson; City Attorney Brian Cochran; City Treasurer Ken Mulkey and City Clerk Bobbi Kersey. Director Tom Blevins was absent.

INVOCATION/PLEDGE:

The Invocation was given by Gene Wyatt, followed by the Pledge of Allegiance.

Mayor Linda Whalen welcomed everyone to the meeting.

MINUTES:

Minutes of the April 9, 2013 meeting were approved as presented on a motion by Director Pete Sternloff, seconded by Director Deb Sarver.

Director Pete Sternloff made a motion to correct and then accept the minutes of the April 16, 2013 *Lay of Levy* to reflect proper attendance. Director Tom Blevins was present and Director Mary Frances Brammer was absent. Director Deb Sarver seconded the motion. The minutes were approved as corrected.

DISCUSSION ITEMS:

City Manager Jim Ferguson gave the following reports:

- The Arbor Day Foundation sent a letter congratulating the City of Bluefield for being a "Tree City" for the twelfth year.
- Matt Hatfield and Justin Harris are expected to graduate from the West Virginia Police Academy on June 12.
- Chief Dillow has narrowed the search for a parking enforcement officer. However, necessary pre-employment screening must be completed before an announcement will be made public.
- The Bluefield Police Department has completed training and certification with patrol Rifles. Officer Gary Ruth explained more about the training and reported all officers passed certification.
- Operation Clean Sweep kicked off this past Monday. The WVDEP contacted the City of Bluefield and will provide a tractor trailer in the Bluefield City Park, on June 8, for Mercer County citizens to depose of old tires and rims from 8 am to 4 pm. City Crews will still be picking up the following items at resident's homes: regular household garbage, bagged lawn debris and brush, non-refrigerated appliances and scrap metal. All items must be brought to the curb. The City Land Fill also offers a free Wednesday once a month for residents to drop off debris.

- The City of Bluefield is working with the Greater Bluefield Chamber of Commerce on Lemonade Day West Virginia. Students from Bluefield Intermediate School, Matoaka/Lashmeet and, Bluewell Elementary Schools and the Mercer Connections Program in Princeton are participating in a five lesson pilot program designed to develop entrepreneurial ways of thinking in the following areas: goal setting, budgeting, financing, advertising, and community engagement. On May 4, students will be encouraged to set up his/her business through a lemonade stand. This is a National Educational Program with fifteen states participating and is open to third, fourth, and fifth graders. A handout was distributed to the City Board listing participating West Virginia schools. West Virginia has a total of 1,883 students participating statewide and of those students 557 reside in Mercer County. Volunteers/judges are needed. For more information call (304) 253-0176. Mayor Whalen volunteered to be a judge.
- Luke Elser, Project Manager of Northern Brownfields Assistance Center recently toured and discussed Bluefield's Abandoned and Dilapidated Buildings Program. Mr. Elser sent an e-mail that was read to the City Board. Mr. Elser was very impressed with Bluefield's design, implementation and accomplishments in the Abandoned and Dilapidated Buildings Program. As their center begins their new BAD (Brownfields, Abandoned & Dilapidated) Program he would like to use Bluefield as an example of success in West Virginia and include aspects of Bluefield's program as lessons learned and best practices. He also identified areas that could be improved including: how to better connect people interested in purchasing a home in Bluefield with the owners of vacant buildings or ready-to-build lots and how to improve reuse planning for many of the now empty lots that dot Bluefield. Finally, Mr. Elser extended an invitation to the Abandoned and Dilapidated Building Summit on June 12. He would like to have Bluefield represented at the Summit both as attendees and participants.
- Student Government Day was a success. Over fifty Bluefield High School students participated in job shadowing various municipal jobs. The day ended with students holding a mock board meeting.
- As of April 22, fifty three Pit Bulls have been registered by thirty nine owners. The Police Department has found forty five that have not been registered. The City of Bluefield has knowledge of at least ninety eight Pit Bulls however, that number could exceed one hundred. Per capita, this would be 1 Pitt Bull for every 100 citizens in the City of Bluefield.

ACTION ITEMS:

Mayor Linda Whalen presented the Second Reading of an Ordinance Authorizing Sewer Revenue Bonds:

SECOND READING OF BOND ORDINANCE AUTHORIZING THE ACQUISITIONN AND CONSTRUCTION OF ADDITIONS, BETTERMENTS, AND IMPROVEMENTS, TO THE EXISTING SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROIVDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL OF SEWER REVENUE BONDS. SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 INAGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN) PROVIDING FOR THE RIGHTS AND REMEDIES OF A SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Director Pete Sternloff moved to approve the second reading of the ordinance, seconded by Director Deb Sarver. Unanimously approved and so ordered

First Reading: April 9, 2013
Second Reading: April 23, 2013

The Third Reading and a Public Hearing will be held as described in the ordinance and through publication.

Mayor Linda Whalen then presented the Second Reading of an Ordinance to Amend Part II, Code of Ordinances of the City of Bluefield, Chapter 4 Animals, Article II, Dogs and Cats, Section 4-39(5), and 4-51(1) and(2).

SECOND READING OF AN ORDINANCE TO AMEND PART II, CODE OF ORDINANCES OF THE CITY OF BLUEFIELD, CHAPTER 4 ANIMALS, ARTICLE II, DOGS AND CATS, SECTION 4-39, DEFINITIONS, AND THE ENACTMENT OF SUBSECTIONS 4-39 (5), AND 4-51 (1) AND (2).

WHEREAS, Chapter 8, Article 12, of the West Virginia Code grants West Virginia Municipalities the authority to pass Ordinances to promote the safety of its citizens and to prevent risk of harm to its citizens; and

WHEREAS, dangerous animals, specifically described in Article II, Section 4-39 (3) and (4) of the Code of Ordinances of the City of Bluefield, and typically referred to as pit bull dogs, and wolf-hybrids, are aggressive by nature, have a propensity to attack without provocation, and have been found to represent a public health and safety hazard; and

WHEREAS, the ownership, maintenance, and control of dogs and/or other animals within the City of Bluefield is a local concern, which is rationally related to the City's legitimate interests, and which is a proper exercise of its police powers granted by the West Virginia Legislature; and

WHEREAS, for the reasons set forth above, it is the desire of the Board of Directors of the City of Bluefield to amend Section 4-39 and enact subsections 4-39(5), 4-51(1), and 4-51(2) of the Code of Ordinances of the City of Bluefield; and

WHEREAS, the duly elected governing authority of the City of Bluefield is the Board of Directors thereof.

NOW, THEREFORE BE IT RESOLVED, that the City of Bluefield hereby adopts the amendment of Section 4-39 and the enactment of subsections 4-39(5), 4-51(1), and 4-51(2) as follows, effective April 23,2013:

Sec. 4-39. Definitions.

Dangerous animal means and includes the following:

1) (This subsection shall remain unchanged.).

2) (This subsection shall remain unchanged.)

3) (This subsection shall remain unchanged.)

{4) (This subsection shall remain unchanged.)

The owner of any animal described in subsections (3) and (4) of this definition shall register such animal with the city police department, ~~within ton days of the enactment of the ordinance from which this definition is derived or within ton days of bringing any such animal within the city limits.~~

(5) The owner of any animal described in subsections (3) and (4) of this section who has registered such animal with the city police department as required above, within ten (10) days of the effective date of Section 4-51(1), and who is in compliance with the proper and adequate safeguards to protect the public health, safety, and welfare described in Section 4-51, subsections (a), (b), (c), and (d), may keep such dog(s) within the confines of the City. However, this exemption shall not apply to such animal(s) acquired subsequent to passage of Section 4-51(1), or to animals found by the municipal court to be in violation of Section 4-51 (a) through (d). Nothing in this section shall prevent an owner of a "service animal", as defined by the Americans with Disabilities Act (ADA), from owning and keeping such service animal in the City.

Section 4-51. Pit bulldog, wolf-hybrid regulations.

1) Except as provided for in Section 4-39(5) of this Article, no person shall own, keep, or harbor a pit bull dog, as defined in Section 4-39(3), or any wolf species as defined in Section 4-39(4), within the corporate limits of the City.

2) This section is a necessary control to eliminate the risk of attack by dangerous animals on human beings and on other animals in the City, which have become a threat to the health, safety, and welfare of the public; and the lack of knowledge or lack of intent to injure is eliminated as a defense to any violation thereof.

a) *Leash and muzzle.* (This subsection shall remain unchanged.)

b) *Confinement.* (This subsection shall remain unchanged.)

c) *Confinement indoors.* (This subsection shall remain unchanged.)

d) *Signs.* (This subsection shall remain unchanged.)

(e) Penalty. (This subsection shall remain unchanged.

Director Deb Sarver moved to approve the second reading of the ordinance as read, seconded by Director Pete Sternloff. Unanimously approved and so ordered.

First Reading: April 9, 2013

Second Reading and Passage: April 23, 2013

Attest:

Bobbi Kersey, Clerk

Linda K. Whalen, Mayor

Mayor Whalen presented a request for approval for payment for landscaping at the Scott Street Open Air Parking Center in the amount of $15,792.00. Director Pete Sternloff moved to approve the request Scott, Director Deb Sarver seconded the motion. Director Sternloff questioned if the money would come from the hospital funds and Attorney Cochran confirmed that to be the source of funds. Mayor Whalen stated that the guarantee for the landscaping should be assured. Unanimously approved and so ordered.

Mayor Whalen presented a request for authorization for the City of Bluefield to enter into a stadium usage agreement with Second Chance Learning Center. City Manager Ferguson explained a previous agreement was negotiated between Eric Robinson and Attorney Cochran. After speaking with city

department heads, the amount was increased to $17,000 to adequately cover the cost to the City of Bluefield. , June the 29, 2013. Second Chance Learning Center will pay for the cleanup directly and that cost will not come from the city. Director Pete Stemloff made a motion to authorize the agreement with Second Chance Learning Center as presented by City Manager Jim Ferguson, seconded by Director Deb Sarver. Unanimously approved and so ordered.

REPORTS OF OFFICERS, BOARD AND STANDING COMMITTEES:

Director Mary Frances Brammer thanked everyone for attending. Director Brammer requested that all present speak with understanding, respect, and common sense. She reminded everyone of the goal was to have a better understanding of concerns from the Board and the Citizens of Bluefield.

Mayor Linda Whalen reported that Bluefield High School Student Government Day was a good experience. She stated her appreciation for the students at BHS and stressed the importance our schools represent to this community.

City Manager Jim Ferguson recognized, Josh Cline, the new Redevelopment and Planning Director. Mr. Cline said he has been busy reviewing projects set forth by his predecessor. He is very pleased with the progress of the Blue Print Community. Mr. Cline summarized his upcoming schedule to address the goals of the Blue Print Community. Mr. Cline will look at reconvening the Blue Momentum Team and the current grant cycle and how it can be better developed for the City of Bluefield. Mr. Cline spoke about his experience this past week when attending a three day advanced grant writing conference in Charleston, West Virginia.

Mayor Whalen expressed her excitement about having Mr. Cline's input and knowledge acquiring grants for the betterment of the City of Bluefield.

Director Mary Frances Brammer asked City Manager Jim Ferguson to review some of the activities currently happening in the City of Bluefield. Mr. Ferguson highlighted the following:

1. Updating and replacement of equipment at three playgrounds in the city.
2. The demolition program is very aggressive with 50 homes set for demolition.
3. The Interpretive Walk Way groundbreaking is scheduled for May 24th.
4. The Bluefield Recreation Center is undergoing improvements.
5. The Bluefield Preservation Society is working towards renovations in the downtown area.
6. August 31st a Lemonade Festival is planned.
7. AEP will be starting a 3.3 million dollar electrical project in a few weeks.
8. CASE is starting new home construction on Highland Avenue.

Lori Mills reported that there were 863 riders the opening weekend on the Ridge Runner located at the Bluefield City Park. This past weekend there were 430 riders. We are on track.

City Manager Jim Ferguson reported on the Blue Momentum Industrial Team. He said the group led by Alan Peacock and Jay Dissibbio is working hard on the vision for the John Nash Blvd. area.

Mayor Whalen reminded everyone that the city is having a renaming contest for the Colonial Intermodal Center. The site itself will have a railroad theme and the winner will receive a $250.00 reward.

Mayor Whalen reminded everyone that volunteers are needed to serve on the Recreational Advisory Board. Application forms are available at City Hall.

PUBLIC COMMENT:

The following people spoke in opposition of the Pit Bull Ordinance: Brian Marshall, Summer Wyatt, Laura Harman, and Keisha Davis.

A member of the audience expressed confusion about whether Pit Bull mix breeds need to be registered. Mayor Whalen stated that the City Manager would look into that question and requested she leave her name and phone number with Mr. Ferguson.

ANNOUNCEMENTS AND OTHER:

- **Annual Better Living Show-Brushfork National Guard Armory- April 26-10:00 am - 8:00 & April 27-10:00 am - 6:00 pm**

  Business after Hours "Sneak Peak"-April 25th- 5:30 p.m. - 7:30 p.m.

- **East River Mountain Town Band-Tuesday, May 7, 2013 @ 7:30pm. Bluefield Performing Arts Center At Bluefield High School**

- ***"Soldier Come Home"* performances at the Summit Theatre- April 26-28 & May 3-5. Call for more information/reservations: (304) 325-8000.**

- ***"Steel Magnolia's" performances* at the Ramsey- May 2-4 & May 10-11. Special Mother's Day showing on May 12. Call for more information/reservations: (304) 589-0339.**

- **Mercer County Convention & Visitors Bureau will hold an Open House for National Tourism Week on May 8, 2:00pm-5:00pm at 704 Bland Street.**

Director Pete Sternloff moved to adjourn the meeting, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Hearing no further business the meeting was adjourned.

Bobbi Kersey, City Clerk

Linda Whalen, Mayor

A Public Hearing was held at 12:00p.m. in the Municipal Boardroom, for the purpose of public comment on the proposed BOND ORDINANCE for the Sanitary Board for the City of Bluefield. Mayor Linda Whalen called the Public Hearing to order for the purpose of public comment on the Ordinance for the Sanitary Board for the City of Bluefield. Attorney Brian Cochran read the proposed BOND ORDINANCE PROVIDING FOR THE ISSUANCE OF ITS SEWER REVENUE BONDS, SERIES 2013 A AND SEWER REVENUE BONDS, SERIES B (COLLECTIVELY, THE "BONDS").

Art Riley said he was not against the proposed Bond Ordinance but wanted to clarify that the bonds were going to be "self paid" and there would be no rate increase to the citizens of Bluefield. Shannon Bailey, Executive Director of the Bluefield Sanitary Board, stated that was correct there would be no rate increase. A monthly payment will be made on the $1.6 million at 0% interest with a 0.5% administration fee. The actual amounts will be lower than this after DEP approval since the bids came in lower.

There was not anyone else wishing to speak for or against the proposed ordinance. A motion was made by Director Pete Sternloff to adjourn the meeting and seconded by Director Deb Sarver. Motion carried.

BOARD OF DIRECTORS
BLUEFIELD, WEST VIRGINIA
May 14, 2013

The Board of Directors of the City of Bluefield, West Virginia met in regular session May 14, 2013, at 12:00 p.m. in the Municipal Boardroom. Present were Mayor Linda K. Whalen; Directors, Mary Frances Brammer, Deb Sarver, Pete Sternloff, Tom Blevins; City Manager Jim Ferguson, City Attorney Brian Cochran, City Treasurer Ken Mulkey, and City Clerk Bobbi Kersey.

INVOCATION/PLEDGE:

The Invocation was given by Director Mary Frances Brammer, followed by the Pledge of Allegiance.

Mayor Linda Whalen welcomed everyone to the meeting.

MINUTES:

Minutes of the April 23, 2013 meeting were unanimously approved as presented on a motion by Director Pete Sternloff, seconded by Director Mary Frances Brammer.

DISCUSSION ITEMS:

City Manager Jim Ferguson gave the following reports:

- Jeffery Alex Ellison was introduced as the new Parking Enforcement Officer. Jeff will be a full time officer and started work May 13, 2013.
- Clean Sweep was upgraded this year to include curb side service. Two zones have been completed and the City of Bluefield has collected 140 tons of garbage, lawn debris, and brush. Mr. Ferguson commended the City Crews for their hard work.

- The Interpretative Walkway Groundbreaking will take place on May 24. A press release will go out on Thursday. The public is welcome to attend. This is a significant event for the city.
- The Colonial Intermodal Naming Contest ended May 15. A handout with a list of over a 100 submitted names was given to board members. Board members will choose the new name and may reveal the name at the Interpretative Walkway Groundbreaking.
- The City is in partnership with the Bluefield Beavers for the 8k run to take place during the Mountain Festival. Proceeds will go towards the "Blessings in a Back Pack" established by the Trinity United Methodist Church. This run will begin at Bluefield High School and finish at Mitchell Stadium. Coinciding with the 8k run will be a "Fun Run" to raise money for Project Graduation. Bluefield High School will have a day care center at the school to take care of children while parents are participating in the 8k run.
- Portabella's Italian Restaurant to be located in the Old Southern Office Supply Building on Bluefield Avenue is planning to open in July. There will be a parking lot next to the building.
- K & M Automotive located on Spruce Street have announced it is going to erect a new building on Bluefield Avenue.
- McDonald's has done significant renovations to the restaurant building located on Bluefield Ave. Hardees's did a remodel several months ago.
- The Kidney Dialysis Building, on Bluefield Avenue, is getting closer to completion and K-Mart on Cumberland Road has applied for a $40 thousand building permit for improvements to their building.
- The Scott Street Open Air Parking Center is closer to completion. Paving will occur upon completion of the pervious concrete project. The decorative railings are almost complete, the guard rails are completed, and fire hydrants have been installed as well as the landscaping beams. Weather permitting, it should be open by the end of May.
- Congratulations to Fire Chief Jeff Warden and the Department for acquiring an AFG Grant in the amount of $71,986.00
- Dwight Godwin, Director of Parks and Recreation, presented plans and activities for the summer months. This summer the Recreation Department will offer several one week theme camps beginning June 17-Aug. 2, for a half day. For more information citizens may call the Recreation Center. Director Godwin hopes to have all the area playgrounds ready by the middle of June.

ACTION ITEMS:

Mayor Linda Whalen presented the Third Reading of an Ordinance Authorizing Sewer Revenue Bonds:

THIRD READING OF BOND ORDINANCE AUTHORIZING THE ACQUISITIONN AND CONSTRUCTION OF ADDITIONS, BETTERMENTS, AND IMPROVEMENTS, TO THE EXISTING SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST

THEREOF, NOT OTHERWISE PROIVDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL OF SEWER REVENUE BONDS. SERIES 2013 A (WEST VIRGINIA SRF PROGRAM); AND NOT MORE THAN $350,000 INAGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2013 B (WEST VIRGINIA SRF PROGRAM/GREEN) PROVIDING FOR THE RIGHTS AND REMEDIES OF A SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS, AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

First Reading: April 9, 2013

Second Reading: April 23, 2013

Public Hearing and Third Reading: May 14, 2013

Attest:

_____

Bobbi Kersey, City Clerk

_____

Linda K. Whalen, Mayor

Mayor Whalen presented a request for approval for payment for the Scott Street Parking Building Replacement Project in the amount of $115,704.48. Director Pete Sternloff moved to approve the request; Director Mary Frances Brammer seconded the motion. Unanimously approved and so ordered.

Mayor Whalen presented a request for approval for payment for the Herb Sims Recreation Center restroom renovations in the amount of $24,500.00. This money is part of the grant provided by the Hugh Shott Foundation. Director Tom Blevins moved to approve the request; Director Mary Frances Brammer seconded the motion. Unanimously approved and so ordered.

Director Tom Blevins stated he had been part of a discussion earlier concerning the purchase of a new sign at the Herb Sims Recreation Center. Director Blevins requested the Board investigate what the new sign would look like and how the sign would fit into the new renovations at the Recreation Center

Fire Chief Jeff Warden congratulated and was very appreciative of his men and the many hours they worked in order to receive the AFG Grant. The quote request was for a 10hp 14 cubic feet per minute

breathing air compressor and a four cylinder fill station. He received three quotes from three different vendors. ABC Fire Services LLC provided a quote for a SCOTT Breathing Air Compressor and Fill Center at a cost of $31,700. SCOTT also is the manufacturer of the department's self contained breathing apparatus. These compressors are assembled in Greensboro, NC. Of that $31,700.00 the City of Bluefield has a matching bid of 5% or $1,500.

Mayor Whalen presented a request for approval for the purchase of a Breathing Air Compressor for the City of Bluefield of Fire Department, using allocated grant funds, from ABC fire Services LLC in the amount of $31,700.00. Director Pete Sternloff moved to approve the request; Director Deb Sarver seconded the motion. Unanimously approved and so ordered.

City Manager Jim Ferguson reported that it is time to order equipment for the playgrounds to be ready for summer. The money would come from the June O. Shott Foundation. The equipment would go to East River Playground and Wayne Street Playground. The City has a set of swings and is working to address the needs of all six area playgrounds.

Mayor Whalen made a request for approval to purchase equipment in the following amounts: Playground I- $18,359.65, Playground II- $19,716.00, and Playground III- $1,907.91. Director Mary Frances Brammer moved to approve the request; Director Pete Sternloff seconded. Unanimously approved and so ordered.

Mayor Whalen read a recommendation from the Bluefield Planning Commission:

AN ORDINANCE SUBDIVIDING LOT 1, SECTION 814, PARCEL 10, LOCATED ON JEFFERSON AND STOWER STREETS, WITHINN THE MUNICIPAL LIMITS OF THE CITY OF BLUEFIELD.

Attorney Cochran stated this is a private lot that has a house and a duplex. The owner of the property has requested the Bluefield Planning Commission to approve a subdivision of that lot. Each structure would then be considered on a separate lot. The Bluefield Planning Commission approved the request.

Attorney Cochran presented the following proposed ordinance:

AN ORDINANCE PROVIDING FOR THE SUBDIVIDING OF A PARCEL OF REAL ESTATE IN THE CITY OF BLUEFIELD FROM ONE PARCEL TO TWO PARCELS AS SHOWN ON THE EXHIBIT HERETO ATTACHED AND DECLARED TO BE A PART OF THIS ORDINANCE AS IF THE SAME WAS FULLY SET FORTH HEREIN.

WHEREAS, Kathryn Riffle petitioned the Bluefield Planning Commission for the subdivision of Parcel 10, Tax Map 33, Lot 1, Section 814, located on Jefferson Street for the purpose of providing two parcels of land; and

WHEREAS, this property is bounded on the North by Stowers Street, bounded on the East by Jefferson Street, bounded on the South by Tax Map 33, Parcel 11, Lot 2, Section 814 Jefferson, owned by Herbert L. and Susan Graham, 1604 Jefferson Street, and bounded on the West by a 10' Right of Way.

WHEREAS, on Wednesday, May 8th, 2013, the Planning Commission of the City of Bluefield, sitting as the Zoning Commission of said City, held public hearing upon and thereafter made its recommendation to the Board of Directors of said City that this property be divided into Two Parcels.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD, MERCER COUNTY West Virginia, IN REGULAR SESSION ASSEMBLED AS FOLLOWS:

Parcel 10, Tax Map 33, Lot 1, Section 814, located on Jefferson Street, as shown on the attached map is hereby divided into Two Parcels, consisting of Tract "B" Part Lot 1, and Tract "A", Remainder Lot 1.

FIRST READING:

SECOND READING AND ADOPTION:

FILED:

RECORDED:

_____ _____

Mayor City Clerk

A motion to appoint, Kelly Knowles, 117 Oakhurst Avenue, Bluefield, WV 24701, to a 5-year term on the Fine Arts Commission was made by Director Pete Sternloff, seconded by Director Tom Blevins. Unanimously approved and so ordered. (Term expiring May 14, 2018)

Mayor Whalen read into the record a Proclamation from the West Virginia Community Educational Outreach Service (CEOS).

PROCLAMATION

WHEREAS, the West Virginia Community Educational Outreach Services (CEOS) and Mercer County CEOS are volunteers with a Mission to broaden SERVICE in our COMMUINITY, continue lifelong EDUCATION to strengthen individuals and families, and provide an OUTREACH for leadership.

WHEREAS, in partnership with West Virginia University Extension Service, the CESO pledges that its purpose of Education will assist us in meeting the needs of a changing and diverse society.

WHEREAS, for the significant service and contribution to the well-being of family and community.

BE IT KNOWN, that the Bluefield City Board hereby proclaims May 19 – 25 as

COMMUNITY EDUCATIONAL OUTREACH SERVICE WEEK
IN WITNESS WHEREOF, given under our hand and seal.

_____
Linda K. Whalen, Mayor

REPORTS OF OFFICERS, BOARD AND STANDING COMMITTEES:

Mayor Whalen reported the City of Bluefield has an opportunity to apply for the "home rule" program. Mayor Whalen requested City Manager Jim Ferguson, City Attorney Brian Cochran, and Redevelopment & Planning Director Joshua Cline to determine how to proceed with the application.

Director Tom Blevins stated for the record that he was not able to attend the April 23rd meeting but he would have opposed the pit bull ban. He said he felt the city had a "very strong ordinance" already in place and this issue has caused a distraction for the City of Bluefield. The city needs to enforce the ordinances already in place. Director Blevins commented that he felt the city is doing many positive things, but the city has "gotten off message by spending our political capital needlessly here". He went on to say the issue of a grocery store was one way the city has gotten off target. He would like to see the city back on track and talking about economic development.

Mayor Whalen said she respectfully disagreed with Director Blevins's assessment. Mayor Whalen said that Director Blevins had been out of town for several meetings and perhaps was "out of touch" with the many positive things happening around our city. Mayor Whalen said," Because the media chose to give pit bulls so much attention, one might think that was the only thing going on in this city.
When looking at the local media and social media web sites, a person would think the city dealt with one situation or problem at a time. While the pit bull situation did garner a lot of media, mostly in the Bluefield Daily Telegraph, there were other things happening in Bluefield. There is a lot of momentum with economic development. We have had numerous meetings and updates on every phase of our economic development and it is all very positive. Work is underway on buildings along Commerce Street. The city is working with the Development Authority of Mercer County to identify business possibilities for the city's property along John Nash Boulevard. The City Manager hosts a monthly Breakfast to help local business people share ideas among themselves and the city. The city is also working with Bluefield State College on economic development". Mayor Whalen stated she sees things as "positive", when speaking of Bluefield.

Director Mary Frances Brammer wanted to thank everyone for taking time from their busy schedule to come to the meeting. Director Brammer told of a summer program that will take place at the Wade Center called "Energy Express". The program is for student's kindergarten to fourth grade. This program is a bridge between the end of school and the start of school next fall. The program will begin in June, is sponsored by West Virginia University and is free of charge to students. Call the Wade Center for more information.

Director Pete Sternloff said he would like to echo Mayor Whalen about the economic development in the city. He stated the City Board has been very active. In the fall, Bluefield State may begin holding

classes' downtown along with their art/cultural events. The City of Bluefield has hired a redevelopment director. Director Sternloff said he has met new members of the Downtown Merchants, the CAT team from Frontier – Community Action Team, CASE- volunteers who are working with the Fine Arts Commission, and various other interested citizens who are working in community.

Mayor Whalen mentioned the Bluefield Preservation Society is planning a Lemonade Festival the last weekend in August. This event will coincide with the Bluefield High School vs Graham High School Football game. A full day of activities is scheduled including a parade and two bands. It is going to be a huge event for Bluefield and the public is invited to get involved.

Mayor Whalen announced West Virginia Living has a new magazine called "EXPLORE" for the Summit, the Boy Scout Camp and Bluefield has four pages in the magazine. She invited everyone to pick up a copy. The City is proud to be a part of the magazine.

PUBLIC COMMENTS:

Art Riley, representing Downtown Merchants, reported the 15th year of concerts will kick off May 24. The Downtown Merchants partner with the Bluefield Daily Telegraph to put on these free concerts. The Annual Street Fair will be August the 2nd and 3rd in downtown Bluefield. There will be two concerts, a dog show, a down hill derby, a charity auction and many other activities. The Downtown Merchants Association will partner with the Fine Arts Commission for this event. People who say there is nothing to do in Bluefield are just not paying attention.

Craig Nash, owner of the old Southern Office Supply Building, thanked the Board for coming down to tour the new restaurant. He expressed how easy it had been, through the help of the City, in opening a new business.

Mr. Dillon expressed his concern about the need for a grocery store and questioned the homes being built by CASE. Director Sternloff and Mayor Whalen assured Mr. Dillon the new homes that are to be built by CASE are going to be very nice housing. The Bluefield Beautification Commission is working to make that a site that will welcome people into the city.

Mr. Charles Myles questioned why citizens are paying B&O taxes. Mayor Whalen assured Mr. Myles that only businesses pay the B&O tax. Citizens of Bluefield pay a city fee for garbage, fire, and street.

ANNOUNCEMENTS AND OTHER:

- **East River Mountain Town Band, Pipestem Resort State Park, Amphitheater, May 25 at 8:00 pm (ALL CONCERTS ARE FREE)**
- **Region I has requested citizens and businesses of the City of Bluefield to test their internet speed. Please follow these directions:**

1) Go to: www.regiononepdc.org
2) Click on the "Other" tab on the left-hand side
3) Scroll down to the bottom of the page and see "To take the WV Broadband Mapping Program internet speed test click here."
4) Click the here button to take the speed test.

Director Pete Sternloff moved to adjourn the meeting, seconded by Director Deb Sarver. Unanimously approved and so ordered.

Hearing no further business the meeting was adjourned.

Bobbi H. Kersey, City Clerk

Linda K. Whalen, Mayor

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

EXCERPT OF MINUTES ON ADOPTION OF SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned City Clerk of The City of Bluefield (the "City") hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the Board of Directors the City.

* * * * * * * * *

The Board of Directors of the City met in regular session, pursuant to notice duly given, on the 11th day of June, 2013, in Bluefield, West Virginia, at the hour of 12:00 p.m.

PRESENT:	Pete Sternoff	Bobbi Kersey, City Clerk
	Mary Francis Brammer	Jim Ferguson, City Manager
	Deb Sarver	Brian Cochran, City Attorney
		Ken Mulkey, City Treasurer
		John Stump, Steptoe & Johnson

Pete Sternoff, presided, and Bobbi Kersey, acted as City Clerk.

Pete Sternoff announced that a quorum of members was present and that the meeting was open for any business properly before it.

Pete Sternoff was elected and appointed as acting Mayor for the purposes of the Sewer Revenue Bond Closing.

Thereupon, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2013 B (WEST

VIRGINIA SRF PROGRAM/GREEN) OF THE CITY OF BLUEFIELD; APPROVING AND RATIFYING THE BOND PURCHASE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion.

Thereupon, on motion duly made by Mary Francis Brammer and was seconded by Deb Sarver, it was unanimously ordered that the above-entitled Supplemental Resolution be finally enacted and put into effect immediately.

Next, the Mayor presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Mary Francis Brammer and seconded by Deb Sarver, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Mayor presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Deb Sarver and was seconded by Mary Francis Brammer, it was unanimously ordered that the said Sweep Resolution be adopted.

* * * * * * * * *

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of The City of Bluefield and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 27th day of June, 2013.

Bobbi Kersey

City Clerk

079810.00008

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: The City of Bluefield
Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program)

ADDRESS: 100 Rogers Street, Bluefield, West Virginia 24701 COUNTY: Mercer

PURPOSE OF ISSUE:
New Money: X
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 6/27/2013
CLOSING DATE: 6/27/2013
ISSUE AMOUNT: $1,358,924
RATE: 0.5%; 0.5% Admin Fee
1ST DEBT SERVICE DUE: 9/1/2014
1ST PRINCIPAL DUE 9/1/2014
1ST DEBT SERVICE AMOUNT $ 12,201.66
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: First Century Bank
Contact: Sheila Ayers
Phone: 304.425.0856

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Shannon Bailey
Position: Executive Director
Phone: 304.325.3681

OTHER:
Agency: WV Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: _____ Wire _____ Check

_____ Accrued Interest: $
_____ Capitalized Interest: $
_____ Reserve Account: $
_____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ Check _____ IGT

_____ To Escrow Trustee $
_____ To Issuer $
_____ To Cons. Invest. Fun $
_____ To Other: _____ $

NOTES: The Series 2013 A Bonds Reserve Account will be funded over 10 years.

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

WV Municipal Bond Commission
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25302
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 6/27/2013

ISSUE: The City of Bluefield
Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green)

ADDRESS: 100 Rogers Street, Bluefield, West Virginia 24701 COUNTY: Mercer

PURPOSE OF ISSUE:
New Money: X
Refunding:

ISSUE DATE: 6/27/2013
ISSUE AMOUNT: $229,550
1ST DEBT SERVICE DUE: NA
1ST DEBT SERVICE AMOUNT NA

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 6/27/2013
RATE: Forgivable
1ST PRINCIPAL DUE NA
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

CLOSING BANK:
Bank: First Century Bank
Contact: Sheila Ayers
Phone: 304.425.0856

KNOWLEDGEABLE ISSUER CONTACT
Contact: Shannon Bailey
Position: Executive Director
Phone: 304.325.3681

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: WV Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 304.926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $
____ To Issuer $
____ To Cons. Invest. Fun $
____ To Other: ____ $

NOTES: The Series 2013 B Bonds are forgivable. No accounts are set up at the Municipal Bond Commission

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

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First Century Bank, Princeton, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Ordinance of The City of Bluefield (the "Issuer") enacted by the Issuer on May 14, 2013, and a Supplemental Resolution adopted by the Issuer on June 11, 2013 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, issued in the original aggregate principal amount of $1,358,924; and Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), dated June 27, 2013, issued in the original aggregate principal amount of $229,550 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 27th day of June, 2013.

FIRST CENTURY BANK

By: _____
Its: Authorized Officer

079810.00008

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with The City of Bluefield Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), dated June 27, 2013, in the aggregate principal amount of $1,358,924 and Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), dated June 27, 2013, in the aggregate principal amount of $229,550 (collectively, the "Series 2013 Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2013 Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2013 Bonds.

WITNESS my signature on this 27th day of June, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

079810.00008

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned Bonds of The City of Bluefield (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), of the Issuer, dated June 27, 2013, in the principal amount of $1,358,924, numbered AR-1, and the single, fully registered Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), of the Issuer, dated June 27, 2013, in the principal amount of $229,550, numbered BR-1, were registered as to principal and interest, if any, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 27th day of June, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 27th day of June, 2013, by and between THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,358,924 Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), and $229,550 Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green), in fully registered form (the "Bonds"), pursuant to a Bond Ordinance of the Issuer duly enacted May 14, 2013, and a Supplemental Resolution of the Issuer duly adopted June 11, 2013 (collectively, the "Bond Legislation");

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

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

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

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

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

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

other information and reports as the Issuer may from time to time reasonably require.

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

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

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

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

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

ISSUER: The City of Bluefield
Post Office Box 4100
Bluefield, West Virginia 24701
Attention: Mayor

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

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

10. This document may be executed in one or more counterparts each of which shall be deemed an original and all of which shall constitute but one and the same document.

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

THE CITY OF BLUEFIELD

By: _____
Its: Mayor

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

079810.00008

EXHIBIT A

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

SCHEDULE OF COMPENSATION

(See attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 253(

STATEMENT OF REGISTRAR'S FEES
Invoice Date June 27, 2013

The City of Bluefield
Account Number 6089001809

The City of Bluefield
Sewer Revenue Bonds, Series 2013 A & B
c/o Katy Mallory
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR June, 2013

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

® and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street SE
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
dep.wv.gov

December 18, 2012

Shannon Bailey, Executive Director
Bluefield Sanitary Board
100 Rogers Street
Bluefield, WV 24701

RE: City of Bluefield
Ada WWTP & PS Upgrades
Plans and Specifications Approval
SRF No. C-544493

Dear Director Bailey:

The plans and specifications for the above referenced project are hereby approved.

This approval DOES NOT constitute authority to advertise for bids. You will be advised by separate letter from this agency as to when such an advertisement can be initiated.

Please be advised it will be necessary to issue an addendum to the contract documents prior to opening of bids to include the current State and Federal Labor Wage Determinations. This and all addenda and revisions to the contract documents must be electronically submitted to this office for approval and issued to plan holders five (5) days prior to bid opening. Failure to submit addenda in a timely manner will automatically nullify approval to open bids. Any addenda issued inside the five (5) day period prior to the bid opening must include an automatic extension to the bid opening date of a minimum of seven (7) days.

If any questions arise, please contact Corey McComas at (304) 926-0499, ext. 1592.

Sincerely,

Katheryn D. Emery, P.E.
Program Manager
Clean Water SRF Program

KE/cmc

cc: Mike Johnson, P.E., Chapman Technical Group, Inc.

OWR Permit Details

(1)OWR Permit	
PERMITTEE	BLUEFIELD SANITARY BOARD
DEP OFFICE	OWR
PERMIT ID	WV0023141
ISSUE/REISSUE DATE	03/31/09
EXPIRATION DATE	03/30/14
FACILITY NAME	Ada/West Side Plant
DESCRIPTION	
No. of CUSTOMERS	5230
DISTURBED ACRES	
SLUDGE TONNAGE	
DESIGN FLOW(MGD)	1.200000
AVERAGE FLOW(MGD)	0
MAJOR FACILITY	Y
EXTENSION DATE	

(1)Permit Status	
ACTIVE YES/NO	Y
OPEN/CLOSED	O
STATUS	Renewed

(1) County / Quad	
County: Mercer	Quad: BLUEFIELD

(4) Inspectable Units	
INSPECTABLE UNIT CODE	TYPE
ENTIRE	Entire Default
IUO1	Industrial Users(Pretreatment)
001	Outlet
S01	Sludge

(4) Permit Geography		
INSPECTABLE UNIT CODE:	001	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 17'17.0000"	
LONGITUDE:	81° 9'41.0000"	
COUNTY:	Mercer	
INSPECTABLE UNIT CODE:	ENTIRE	Show Map
MAGISTERIAL DIST:		

NEAREST POST OFFICE:		
LATITUDE:	37° 17'17.0000"	
LONGITUDE:	81° 9'41.0000"	
COUNTY:	Mercer	
INSPECTABLE UNIT CODE:	IUO1	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 17'17.0000"	
LONGITUDE:	81° 9'41.0000"	
COUNTY:	Mercer	
INSPECTABLE UNIT CODE:	S01	Show Map
MAGISTERIAL DIST:		
NEAREST POST OFFICE:		
LATITUDE:	37° 17'17.0000"	
LONGITUDE:	81° 9'41.0000"	
COUNTY:	Mercer	

ACORD

CERTIFICATE OF LIABILITY INSURANCE

BLUEF-7 OP ID: AH

DATE (MM/DD/YYYY) 02/15/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Commercial Insurance Services 340 MacCorkle Ave. Ste #200 Charleston, WV 25314 Trip King Phone: 304-345-8000 Fax: 304-345-8014	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS:
INSURED Sanitary Board of Bluefield P.O. Box 998 Bluefield, WV 24701	INSURER(S) AFFORDING COVERAGE — NAIC # INSURER A : Atlantic Specialty Insurance — 27154 INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR X Include P/O & EPL GEN'L AGGREGATE LIMIT APPLIES PER POLICY PRO-JECT LOC			791-000-567	07/01/2012	07/01/2013	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Emp Ben.	$ 1,000,000 $ 1,000,000 $ N/A $ 1,000,000 $ 5,000,000 $ 5,000,000 $ 1,000,000
A	X AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS			791-000-567	07/01/2012	07/01/2013	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
A	UMBRELLA LIAB OCCUR X EXCESS LIAB CLAIMS-MADE DED X RETENTION $ 0			791-000-567	07/01/2012	07/01/2013	EACH OCCURRENCE AGGREGATE	$ 1,000,000 $ 1,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N N/A (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Re: Proof of insurance for the sewer system.

CERTIFICATE HOLDER

WVWCHA3

WV Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

© 1988-2010 ACORD CORPORATION. All rights reserved.
The ACORD name and logo are registered marks of ACORD

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service ***1974 - 2013***

June 27, 2013

The City of Bluefield
Sewer Revenue Bonds, Series 2013 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B
(West Virginia SRF Program/Green)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Griffith & Associates, PLLC, a firm of independent certified public accountants and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the Registered Owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program), in the original aggregate principal amount of $1,358,924 (the "Series 2013 A Bonds") by The City of Bluefield (the "Issuer"), under the terms of the Bond Ordinance authorizing the Bonds. The Series 2013 A Bonds are to be on a parity with respect to liens, pledge and source of and security for payment, with the Issuer's Outstanding: (i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"); (ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"); (iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds); and (iv) Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), dated January 28, 2010, issued in the original aggregate principal amount of $2,883,295 (the "Series 2010 B Bonds"), (collectively, the "Prior Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila A. Miller
Authorized Representative

079810.00008

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 27, 2013**

Re: **The City of Bluefield**
Sewer Revenue Bonds, Series 2013 A (West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2013 B (West Virginia SRF Program/Green)

DISBURSEMENTS TO THE CITY OF BLUEFIELD

A.	Payor:	West Virginia Department of Environmental Protection
	Source:	Series 2013 A Bonds Proceeds
	Amount:	$185,727
	Form:	Wire
	Payee:	The City of Bluefield, 200 Rogers Street, Bluefield, WV 24701
	Form:	Wire Transfer
	Bank:	First Century Bank – 1223 Stafford Dr., Princeton, West Virginia 24740
	ABA No.:	051500601
	Acct. No.:	4300006377
	Contact:	Sheila Ayers 304.425.0856
	Account:	Series 2013 Bonds Construction Trust Fund
B.	Payor:	West Virginia Department of Environmental Protection
	Source:	Series 2013 B Bonds Proceeds
	Amount:	$-0-
	Form:	Wire
	Payee:	The City of Bluefield, 200 Rogers Street, Bluefield, WV 24701
	Form:	Wire Transfer
	Bank:	First Century Bank – 1223 Stafford Dr., Princeton, West Virginia 24740
	ABA No.:	051500601
	Acct. No.:	4300006377
	Contact:	Sheila Ayers 304.425.0856
	Account:	Series 2013 Bonds Construction Trust Fund

RESOLUTION OF THE CITY OF BLUEFIELD/BLUEFIELD SANITARY BOARD APPROVING INVOICES RELATING TO CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WASTE WATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the City of Bluefield/Bluefield Sanitary Board has reviewed the invoices attached hereto and incorporated herein by reference relating to the construction of the Wastewater Project funded by the WV Department of Environmental Protection (DEP) Green Fund and the WV Department of Environmental Protection State Revolving Loan Fund (SRF), and finds as follows:

a) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement heretofore made.
b) That each item for which the payment is proposed to be paid 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 property incurred.
d) That payment for each of the items proposed is due and owing as the date hereof.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF BLUEFIELD/BLUEFIELD SANITARY BOARD AS FOLLOWS:

There is herby authorized and directed the payment of the attached invoices as follows:

VENDOR NAME/ PAYEE	TOTAL AMOUNT	DEP GREEN FUNDS	DEP SRF LOAN	
REGION I PDC (ADMIN.)	$10,075.00		10,075.00	
CHAPMAN TECHNICAL (ENG.)	$103,479.36		103,479.36	
BLUEFIELD SANITARY BOARD (REIMB.)	$38,248.80		38,248.80	
Jerry Cameron (Legal)	$3,250.00		3,250.00	
Bowles & Rice LLP (Legal)	$8,800.70		8,800.70	
Griffith & Associates PLLC (Acct)	$2,372.90		2,372.90	
Steptoe & Johnson (Bond Council)	$19,000.00		19,000.00	
Huntington National Bank	$500.00		500.00	
TOTALS	**$185,726.76**	**$0.00**	**$185,726.76**	

ADOPTED BY the City of Bluefield, at their meeting held the 11th day of June 2013.

City of Bluefield

BY: _____
It's Mayor

DEP PAYMENT REQUISITION FORM

Rev 04/07/09

1. LOAN RECIPIENT/VENDOR:

NAME: City of Bluefield/Bluefield Sanitary Board

ADDRESS: PO BOX 998

Bluefield, WV 24701

FEIN: 55-6000149

DUNS: 076825348

SRF #: C-544493

INVOICE NUMBER: #1

PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR) 1/7/2011

TO: (MO/DAY/YR) 5/28/2013

% of PHYSICAL COMPLETION 0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY
1a) CONST - Cont. 1	$ 968,000			$ -	
b) CONST - Cont. 2	$ 148,880			$ -	
2) ENGINEERING a. Planning	$ 25,000		$ 25,000	$ 25,000	25,000
b. Design	$ 97,500		$ 93,125	$ 93,125	93,125
c. Const Basic	$ 40,750			$ -	
d. Spec Services	$ 33,000		$ 5,354	$ 5,354	5,354
e. Inspection	$ 100,000			$ -	
4) a. Legal Poject	$ 10,000		$ 3,279	$ 3,279	3,279
b. Legal PSC	$ 15,000		$ 8,903	$ 8,903	8,903
c. Accountant	$ 25,000		$ 20,490	$ 20,490	20,490
5) PERMITS / ROW NEG.				$ -	
6) ADMINISTRATIVE	$ 50,000		$ 10,075	$ 10,075	10,076
7) CONTINGENCY	$ 55,844			$ -	
8) LOAN REPAYMENT				$ -	
9) RESERVE FUND				$ -	
10) CLOSING COSTS	$ 19,500		$ 19,500	$ 19,500	19,500
11) SUBTOTAL	$ 1,588,474	$ -	$ 185,727	$ 185,727	185,727
12) LESS PREVIOUSLY PAID				$ -	0
13) INVOICE AMOUNT				$ 185,727	185,727

14) [signature] 6/11/2013

AUTHORIZED SIGNATURE DATE

Linda Whalen, Mayor

TYPED OR PRINTED NAME AND TITLE

[signature] 6/11/2013

PERSON PREPARING FORM SIGNATURE DATE

Lori Shrewsbury , Region I PDC, Financial Assistant

TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY:

[signature] 6/13/13

PROJECT REVIEWER DATE

WV DEPARTMENT OF ENVIRONMENTAL PROTECTION

[signature] 6/13/13

AUTHORIZED OFFICER DATE

1/ Rounding error

DEBIT CONFIRMATION

Transaction Reference Number:	2013062700003015
Value Date:	06/27/2013
Account Number:	17
Account Name:	STATE OF WEST VIRGINIA OFFICE OF THE ST TREASURER MAIN AC 122 STATE CAPITOL ROOM E CHARLESTON WV 25305
Reference Number:	0627E3QP021C000479
Transaction Posting Time:	2013/06/27 09:46:51

Amount: 185,727.00 Currency: US Dollar

Debit Party Information:	/17/ STATE OF WEST VIRGINIA OFFICE OF THE ST TREASURER MAIN AC 122 STATE CAPITOL ROOM E CHARLESTON WV 25305
Sender's Reference:	3243165WTQP
Credit Party Information:	*A/051500601 FIRST CENTURY BANK, INC BLUEFIELD, WV
Beneficiary Party Information:	/77 THE CITY OF BLUEFIELD 200 ROGERS STREET BLUEFIELD WV 24740
Originator to Beneficiary Information:	SEWER REVENUE BONDS 2013A, 2013B WV SRF PROGRAMSCONTACT: SHELIA AYERS 3 04 425-0856

State of West Virginia
WATER DEVELOPMENT AUTHORITY
1009 Bullitt Street, Charleston, WV 25301
(304)414-6500 – (304)414-0865 (Fax)
Internet: www.wvwda.org – Email: contact@wvwda.org

Date 6/26/13 Time 1:15 LGA City of Bluefield Sanitary Board Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sheila Miller	WDA	304-414-6500 ext 105	304-414-0865	smiller@wvwda.org
Mark Imbrogno	JK	304-340-1206	304-340-1272	maimbrogno@jacksonkelly.com
Rose Brodersen	WVDEP	304 926 0499 x1608	3049260496	rosalie.m.brodersen@wv.gov.
Samme Gee	Jack-Kelly PLLC	304 340 1318	304 340 1272	sgee@jackkelly.com
John Stump	Steptoe & Johnson PLLC	304.353.8196	304.353.8181	john.stump@steptoe-johnson.com
Katy Mallory	Steptoe & Johnson	3043538161	3053538181	Katy.mallory@steptoe-johnson.com

The Authority requests that they following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Shannon Bailey, Executive Director Telephone 1 304 325 3681 E-Mail sbailey@bluefieldsanitary.org

Address 100 Rogers Street Bluefield WV 24701

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the Non-Arbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code 1986 as amended.

SWEEP RESOLUTION

WHEREAS, The City of Bluefield (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, Pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, along with the MBC Fee, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Mayor and Clerk are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 11th day of June, 2013.

Mayor

Clerk

THE CITY OF BLUEFIELD

SEWER REFUNDING REVENUE BONDS, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

BOND ORDINANCE

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Ordinance	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	4
Section 1.04	Definitions	4
ARTICLE II		
AUTHORIZATION OF REFUNDING		
Section 2.01	Authorization of Refunding	15
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	16
Section 3.02	Terms of Bonds	16
Section 3.03	Execution of Bonds	17
Section 3.04	Authentication and Registration	17
Section 3.05	Negotiability, Transfer and Registration	17
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	18
Section 3.07	Bonds not to be Indebtedness of the Issuer	18
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1992 Bonds	18

Section 3.09	Delivery of Bonds	19
Section 3.10	Form of Series 1995 Bonds	19
	FORM OF SERIES 1995 BOND	20
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	28
Section 3.12	"Amended Schedule A" Filing	28

ARTICLE IV
[RESERVED] 29

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	30
Section 5.02	Establishment of Funds and Accounts with Commission	30
Section 5.03	System Revenues; Flow of Funds	30

ARTICLE VI
BOND PROCEEDS

Section 6.01	Application of Bond Proceeds	35

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	36
Section 7.02	Bonds not to be Indebtedness of the Issuer	36
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1992 Bonds	36
Section 7.04	Rates and Charges	36
Section 7.05	Sale of the System	36
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	38
Section 7.07	Parity Bonds	38
Section 7.08	Books; Records and Facilities	40
Section 7.09	Rates	42
Section 7.10	Operating Budget; Audit and Monthly Financial Report	42
Section 7.11	Engineering Services and Operating Personnel	43
Section 7.12	No Competing Franchise	43

Section 7.13	Enforcement of Collections	43
Section 7.14	No Free Services	44
Section 7.15	Insurance and Construction Bonds	44
Section 7.16	Mandatory Connections	45
Section 7.17	Operation of System; Permits and Orders	46
Section 7.18	Compliance with Loan Agreement and Law	46
Section 7.19	Tax Covenants	46

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	48
Section 8.02	Arbitrage and Tax Exemption	48
Section 8.03	Tax Certificate and Rebate	49

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	51
Section 9.02	Remedies	51
Section 9.03	Appointment of Receiver	51

ARTICLE X
DEFEASANCE

Section 10.01	Defeasance of Bonds	53

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	54
Section 11.02	Bond Legislation Constitutes Contract	54
Section 11.03	Severability of Invalid Provisions	54
Section 11.04	Headings, Etc.	54
Section 11.05	Conflicting Provisions Repealed; Prior Ordinance	54
Section 11.06	Covenant of Due Procedure, Etc.	55
Section 11.07	Effective Date	55
Section 11.08	Statutory Notice and Public Hearing	55
	SIGNATURES	56
	CERTIFICATION	57
	EXHIBIT A	58

THE CITY OF BLUEFIELD

ORDINANCE AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BOND, SERIES 1993, OF THE CITY OF BLUEFIELD; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $8,500,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Bluefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer presently owns and operates through its Sanitary Board a public municipal sewerage system, which constitute properties for the collection,

transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the "System"), and has heretofore financed or refinanced the acquisition and construction of the System and certain additions, betterments and improvements thereto by issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Sewer Refunding Revenue Bonds, Series 1992, dated June 1, 1992, issued in the original aggregate principal amount of $4,985,000 (the "Series 1992 Bonds"), and the Sewer Revenue Bond, Series 1993, dated September 29, 1993, issued in the original aggregate principal amount of $7,775,925 (the "Series 1993 Bonds").

C. Pursuant to the Act, the Issuer is authorized and empowered to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds. The Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Series 1993 Bonds. The Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund on a current basis the Series 1993 Bonds by paying in full the entire outstanding principal of, the redemption premium, if any, and the interest on, the Series 1993 Bonds, on the Closing Date (as hereinafter defined), in the manner set forth herein with proceeds of the issuance of a series of bonds to be designated "Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program)" (the "Series 1995 Bonds"), in the maximum aggregate principal amount of not to exceed $8,500,000, and other moneys of the Issuer, such Series 1995 Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System, on a parity with the outstanding Series 1992 Bonds.

D. The estimated Revenues to be derived in each year from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Series 1992 Bonds and the Series 1995 Bonds and to make all payments into all Sinking Funds, Reserve Accounts and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

E. The Issuer intends to refund the Series 1993 Bonds through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Water Pollution Control Revolving Fund program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. It is deemed necessary for the Issuer to issue the Series 1995 Bonds, in the total aggregate principal amount of not more than $8,500,000, initially to be represented by a single Bond, to finance the cost of refunding the Series 1993 Bond. Said costs shall be deemed to include the cost of refunding the Series 1993 Bonds; amounts which may be deposited in the Series 1995 Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and Revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter

defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1995 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, 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 included as part of such costs.

G. The period of usefulness of the System after the refunding is not less than 20 years.

H. It is in the best interests of the Issuer that its Series 1995 Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP, to be approved hereby if not previously approved by resolution of the Issuer.

I. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1995 Bonds as to liens, pledge, source of and security for payment, being the Series 1992 Bonds, issued pursuant to an ordinance enacted by the Issuer on June 2, 1992, as supplemented by a supplemental resolution adopted by the Issuer on June 2, 1992 (collectively, the "Prior Ordinance"). The Issuer has met the parity requirements of the Series 1992 Bonds and the Prior Ordinance and the Series 1995 Bonds shall be issued on a parity with the Series 1992 Bonds, with respect to liens, pledge and source of and security for payment and in all other respects.

Other than the Series 1992 Bonds, there are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1995 Bonds as to liens, pledge and/or source of and security for payment and in all other respects.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to operation of the System and issuance of the Series 1995 Bonds, or will have so complied prior to issuance of any thereof, including, among other things, the approval of the West Virginia Infrastructure and Jobs Development Council and, if necessary, the obtaining of a Certificate of Public Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1995 Bonds or such final order will not be subject to appeal.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body (as hereinafter defined) to issue the Series 1995 Bonds for the purposes set forth herein.

L. The Issuer has acquired, constructed and completed the Project as defined in the ordinance authorizing the Series 1993 Bonds in accordance with the rules and regulations of the Virginia Water Facilities Revolving Fund.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 1995 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Series 1995 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1995 Bonds, or any other agency, board or department of the State that succeeds to the functions of the Authority.

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

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

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

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

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

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

"Bonds" means, collectively, the Series 1995 Bonds, the Series 1992 Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 1995 Bonds for the proceeds representing the purchase price of the Series 1995 Bonds or at least a de minimis portion thereof from the Authority.

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

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

"Consulting Engineers" means Thompson & Litton of West Virginia, Inc., Bluefield, West Virginia, or any qualified engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" means those costs described in Section 1.02F hereof.

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

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

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

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

"Governing Body" means the Board of Directors of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Board of Directors, as it may now or hereafter be constituted.

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interest in future interest and principal payments of such obligations; provided that investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" or "Revenues" means the aggregate gross operating and nonoperating Revenues of the System, including (i) all rates, fees, rentals, penalties, charges, income and money properly allocable to the System in accordance with generally accepted accounting principles or resulting from the ownership or operation of the System, excluding customer and other deposits subject to refund until such deposits have become the property of the Issuer or the Sanitary Board and excluding connection fees and (ii) interest on any money or securities owned by the Sanitary Board and held by or on behalf of the Issuer or the Sanitary Board and provided that "Revenues" do not include moneys derived from settlement agreements dated August 15, 1990, May 16, 1991 and May 31, 1991 to which the Issuer and the Sanitary Board are parties and do not include moneys from grants or other sources that are restricted to use for particular purposes.

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

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or

approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means The City of Bluefield, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

"Loan Agreement" means the Loan Agreement, heretofore entered, or to be entered, into among the Authority, the DEP 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 authorized and directed or ratified by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 1995 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1995 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 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 current expenses, paid or accrued, of operation, repair and maintenance of the System determined in accordance with generally accepted accounting principles, exclusive of (i) interest on any debt payable from Revenues; (ii) depreciation and any other items not requiring the expenditure of cash; (iii) any amounts expended for capital replacements, repairs and maintenance not recurring annually or reserves therefor; and (iv) reserves for administration, operation and maintenance occurring in the normal course of business.

"Outstanding," when used with reference to the Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar, at or prior to said date; (ii) any Bond, for the

payment of which moneys, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder, and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

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

"Prior Ordinance" means the ordinance of the Issuer enacted June 2, 1992, as supplemented by the supplemental resolution of the Issuer adopted June 2, 1992, authorizing the issuance of the Series 1992 Bonds.

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

"Qualified Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Government Obligations;

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

1. U.S. Export-Import Bank
Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration ("FmHA")
Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration ("FHA") Debentures

5. General Services Administration
Participation certificates

6. Governmental National Mortgage Association ("GNMA")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations

7. U.S. Maritime Administration
Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development ("HUD")
Notes
Local Authority Bonds
New Communities Debentures - U.S. Government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. Government guaranteed public housing notes and bonds

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

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation ("FHLMC")
Participation certificates
Senior debt obligations

3. Federal National Mortgage Association ("FNMA")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association
Senior debt obligations

5. Resolution Funding Corp. ("REFCORP")

(d) Money market funds registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, and having a rating by S&P of AAAm-G; AAAm; or AAm;

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

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC;

(g) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's or "A-1" or better by S&P;

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

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

(j) Repurchase agreements that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to or on behalf of the Issuer (buyer/lender), and the transfer of cash from or on behalf of the Issuer to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to or on behalf of the Issuer in exchange for the securities at a specified date. Such repurchase agreements must satisfy the following criteria or be approved by the Bond Insurer:

1. Repurchase agreements must be between the Issuer and a dealer bank or securities firm which is:

   (i) A primary dealer on the Federal Reserve reporting dealer list which is rated "A" or better by S&P and Moody's, or

(ii) A bank rated "A" or above by S&P and Moody's.

2. The written repurchase agreement contract must include the following provisions:

(i) Securities which are acceptable for transfer are:

(1) Government Obligations, or

(2) Securities of federal agencies backed by the full faith and credit of the United States of America (and FNMA)

(ii) The term of the repurchase agreement may be up to thirty (30) days

(iii) The collateral must be delivered to or on behalf of the Issuer, the entity investing on behalf of the Issuer (if such entity is not supplying the collateral) or third party acting as agent for such entity (if such entity is supplying the collateral) before or simultaneously with payment (perfection by possession of certificated securities).

(iv) The collateral must be valued as follows:

(1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

(2) The value of collateral must be equal to 104% of the amount of cash transferred by or on behalf of the Issuer to the dealer bank or securities firm under the repurchase agreement plus accrued interest. If the value of securities held as collateral

slips below 104% of the value of the cash transferred by or on behalf of the Issuer, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA, then the value of collateral must equal 105%.

3. The Issuer must obtain an opinion of counsel to the effect that the repurchase agreement meets the guidelines under State law for the legal investment of public funds.

(k) Any State-administered pool investment fund in which the Issuer is statutorily permitted or required to invest;

(l) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended;

(m) Other forms of investments approved in writing by the Bond Insurer with notice to S&P and Moody's.

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

"Registrar" means the Bond Registrar.

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

"Repair and Replacement Fund" means the Repair and Replacement Fund created by the Prior Ordinance and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1992 Bonds and the Series 1995 Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Series 1992 Bonds and the Series 1995 Bonds.

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

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

"Series 1992 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1992, dated June 1, 1992, issued in the original principal amount of $4,985,000.

"Series 1992 Bonds Reserve Account" means the Reserve Account established for the Series 1992 Bonds in the Prior Ordinance.

"Series 1992 Bonds Sinking Fund" means the Sinking Fund established for the Series 1992 Bonds in the Prior Ordinance.

"Series 1993 Bonds" means the Issuer's Sewer Revenue Bond, Series 1993, dated September 29, 1993, issued in the original principal amount of $7,775,925, to be refunded by the Series 1995 Bonds authorized hereunder.

"Series 1995 Bonds" means the not more than $8,500,000 in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), 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 5.02 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 the then current or any succeeding year.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 1992 Bonds and the Series 1995 Bonds.

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

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

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

"State" means the State of West Virginia.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Repair and Replacement Fund.

"System" means the complete public service properties owned or controlled by the Issuer, including the lands, properties and easements owned by or through the Sanitary Board of Bluefield, Incorporated, a Virginia corporation, for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever, both within and without the Issuer.

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 REFUNDING

Section 2.01. Authorization of Refunding. All Series 1993 Bonds Outstanding as of the date of issuance of the Series 1995 Bonds in the aggregate principal amount of $7,775,925, are hereby ordered to be refunded, and the pledge of Net Revenues in favor of the Holders of such refunded Series 1993 Bonds imposed by the ordinance authorizing the Series 1993 Bonds, the moneys in the funds and accounts created by such ordinance and any other funds pledged by such ordinance thereto are hereby ordered terminated, discharged and released upon full payment to the Holder of the Series 1993 Bonds of the principal of, redemption premium, if any, and interest on, the Series 1993 Bonds on the Closing Date with the proceeds of the Series 1995 Bonds, together with other moneys available therefor. On the Closing Date, the amounts on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the Series 1993 Bonds shall be deposited in the Series 1995 Bonds Reserve Account in an amount not to exceed the Series 1995 Bonds Reserve Requirement as shall be set forth in the Supplemental Resolution.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of funding a reserve account for the Series 1995 Bonds, paying costs of refunding the Series 1993 Bonds not otherwise provided for and paying costs of issuance of the Series 1995 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be issued the negotiable Series 1995 Bonds of the Issuer, in an aggregate principal amount of not more than $8,500,000. The Series 1995 Bonds shall be issued as a single Bond, designated as "Sewer Refunding Revenue Bond, Series 1995 (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1995 Bonds remaining after funding of the Series 1995 Bonds Reserve Account (if funded from Bond proceeds) shall be applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1995 Bonds shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1995 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, if any, on the Series 1995 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

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

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

as of the date specified in a Supplemental Resolution and shall bear interest from the date so specified therein.

Section 3.03. Execution of Bonds. The Series 1995 Bonds shall be executed in the name of the Issuer by the Mayor and the City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 1995 Bonds shall cease to be such officer of the Issuer before the Series 1995 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1995 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1995 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1995 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 1995 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1995 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1995 Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of the Series 1995 Bonds.

The registered Series 1995 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer

satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 1995 Bonds or transferring the registered Series 1995 Bonds are exercised, all Series 1995 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 1995 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 1995 Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 1995 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 1995 Bonds or, in the case of any proposed redemption of Series 1995 Bonds, next preceding the date of the selection of Series 1995 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 cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account. No holder or holders of the Series 1995 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1992 Bonds. The payment of the debt service of 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 operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1992 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the respective Sinking Funds, the Reserve Accounts therein, and the Repair and Replacement Fund, and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged 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 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 1995 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1995 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 1995 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1995 Bonds to the original purchasers;

C. An executed and certified copy of Bond Legislation;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1995 Bonds.

Section 3.10. Form of Series 1995 Bonds. The text of the Series 1995 Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1995 BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REFUNDING REVENUE BOND, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on _____ 1, _____ 1, _____ 1 and _____ 1 of each year, commencing _____ 1, 199____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 199____.

This Bond is issued (i) to refund on a current basis and pay in full the principal of, redemption premium, if any, and interest on, the Issuer's Sewer Revenue Bond,

Series 1993 (the "Series 1993 Bonds"); (ii) [to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii)] to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and Revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REFUNDING REVENUE BONDS, SERIES 1992, DATED JUNE 1, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,985,000 (THE "SERIES 1992 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the Series 1992 Bonds, 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 all operating expenses of the System and 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 proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other Revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for 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, including the Series 1992 Bonds, so long as the Series 1992 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that, if the Series 1992 Bonds are no longer outstanding and so long as there exists in the Series 1995 Bonds Reserve Account an amount at least

equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of refunding the Series 1993 Bonds and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 199____.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1995 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor and City Manager are specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created (or continued if previously established by the Prior Ordinance) 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 Fund (established by the Prior Ordinance); and

(2) Repair and Replacement Fund (established by the Prior Ordinance).

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

(1) Series 1992 Bonds Sinking Fund (established by the Prior Ordinance);

(a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account (established by the Prior Ordinance);

(2) Series 1995 Bonds Sinking Fund;

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

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

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amounts required by the Prior Ordinance to be deposited in the Series 1992 Bonds Sinking Fund for payment of the principal of and interest on the Series 1992 Bonds, and (ii) commencing 4 months prior to the first date of payment of principal on the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1995 Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1995 Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on each date that payment is made as set forth in subsection 5.03A(2)(i) above, transfer from the Revenue Fund and, simultaneously, (i) remit to the Commission the amount required by the Prior Ordinance to be deposited in the Series 1992 Bonds Reserve Account, and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1995 Bonds, if not fully funded upon issuance of the Series 1995 Bonds, remit to the Commission for deposit in the Series 1995 Bonds Reserve Account, an amount equal to 1/120 of the Series 1995 Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1995 Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1995 Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund (as previously set forth in the Prior Ordinance and not in addition thereto), transfer to the Repair and Replacement Fund, a sum equal to not less than 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account.

Withdrawals and disbursements may be made by the Issuer from the Repair and Replacement Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in any Reserve Account and in any reserve account created for the issuance of any Parity Bonds;

(b) For the payment of the principal (including the principal amount to be paid under mandatory sinking fund

redemption provisions) of or interest on the Bonds or any Parity Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the respective Sinking Funds (excluding the Reserve Accounts) or in the sinking fund created for any Parity Bonds (excluding the reserve account created therefor);

(c) For the payment of the reasonable costs of land and easements and depreciable renewals, repairs, extensions, improvements, modifications and additions to the System and related expenses; and

(d) Upon resolution of the Board of Directors, moneys in the Repair and Replacement Fund in excess of $500,000 may be transferred by the Issuer to the respective redemption accounts and used for the optional redemption or for purchase of the Bonds or any Parity Bonds. In the event of a purchase of Bonds or Parity Bonds, the Issuer may direct the purchase of Bonds or Parity Bonds offered for sale at the lowest price below the redemption price of such Bonds or Parity Bonds.

(5) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining moneys in the Revenue Fund to the payment of debt service on or reserve account deposits with respect to any subordinate bonds. Any excess of moneys then remaining in the Revenue Fund may be used for any lawful purpose of the System.

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 Series 1995 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 Series 1995 Bonds, as the same shall come due, when other moneys in the Series 1995 Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1995 Bonds and then to the next ensuing principal payment due thereon.

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 1992 Bonds Sinking Fund and the Series 1995 Bonds Sinking Fund, and on a pro-rata basis, in accordance with the respective principal amounts then Outstanding, to the Series 1992 Bonds Reserve Account and the Series 1995 Bonds Reserve Account.

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

The Issuer shall not be required to make any further payments into the Series 1995 Bonds Sinking Fund or into the Series 1995 Bonds 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 Series 1995 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding any Reserve Account, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Series 1992 Bonds and Series 1995 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account created hereunder, and all amounts required for said Sinking Fund and Reserve Account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

Moneys in the Series 1995 Bonds Sinking Fund and the Series 1995 Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1995 Bonds Sinking Fund, including the Series 1995 Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1995 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. The Issuer shall each month, on the day set forth in subsections 5.03A(2) and (3) hereof (if such day is not a business day, then the next succeeding business day), deposit with the Commission the required interest, principal and reserve payments with respect to the Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

D. The Issuer shall each month, on the day set forth in subsections 5.03A(2) hereof (if such day is not a business day, then the next succeeding business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds. On the Closing Date, from the proceeds received from the sale of the Series 1995 Bonds, the Issuer shall deposit and apply the proceeds in the order set forth below:

A. From the proceeds of the Series 1995 Bonds, there shall first be deposited with the Commission in the Series 1995 Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1995 Bonds Reserve Account.

B. Next, from the proceeds of the Series 1995 Bonds, the Issuer shall pay in full the principal of, redemption premium, if any, and interest on, the Series 1993 Bonds, to the Holder of the Series 1993 Bonds.

C. The balance of the proceeds of the Series 1995 Bonds, if any, shall be applied to pay costs of issuance of the Series 1995 Bonds and miscellaneous costs of refunding the Series 1993 Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1995 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1995 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1995 Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1995 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1995 Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1995 Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Series 1992 Bonds. The payment of the debt service of 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 operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1992 Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the respective Sinking Funds, including the Reserve Accounts 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 7.04. Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on March 31, 1992.

Section 7.05. Sale of the System. So long as the Series 1992 Bonds are outstanding, the Issuer shall not sell, mortgage, lease, or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance and with the written consent of the Authority and the DEP. Additionally, so long as the Series 1995 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise

disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient fully to pay or redeem at or prior to maturity the Bonds and any additional Parity Bonds. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1995 Bonds, be immediately remitted to Commission for deposit in the Series 1995 Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1995 Bonds as prescribed by Section 10.01 hereof, all on a parity basis and pro rata with the Series 1992 Bonds and any additional Parity Bonds. Any balance remaining after the payment of the Bonds and the interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The Issuer may sell or otherwise dispose of any property constituting a part of the System which is either no longer needed or useful therefor or is replaced from the proceeds of such disposition and any other necessary money with property serving the same or similar function. No such property shall be sold or otherwise disposed of unless there is filed with the original purchasers of the Bonds and any Parity Bonds, a certificate of the Issuer, signed by an Authorized Officer, stating that such property is no longer needed or useful in the operation of the System. If the net book value of such property exceeds $25,000, the Issuer shall not be permitted to sell, lease or otherwise dispose of such property unless and until it receives a certificate from the Consulting Engineer stating that such property is no longer needed or useful in the operation of the System and that the loss of such property will not impair the efficient functioning of the System. A copy of such certificate shall be filed with the original purchasers of the Bonds and any Parity Bonds. The proceeds from the sale or disposition of any such property shall be applied first to cure any default which may exist in the payment of the principal of or interest on the Bonds or any Parity Bonds or any amount due under the Prior Ordinance, this Ordinance or the ordinances pursuant to which any Parity Bonds are issued and then such proceeds shall be deposited in the Repair and Replacement Fund and/or shall be applied to the pro rata redemption or prepayment of the Bonds and any Parity Bonds. That amount of such proceeds not used to cure any default or to acquire other property that is allocable to the redemption of the Bonds shall be promptly deposited in the respective redemption accounts or other appropriate fund or account created for the Bonds and any Parity Bonds and that amount of such proceeds that is allocable to any Parity Bonds shall be deposited or applied as set forth in the ordinances pursuant to which any Parity Bonds are issued. The proceeds from the leasing of any such property shall be deposited in the Revenue Fund.

Payments of any of such proceeds into the Repair and Replacement Fund shall not reduce the amounts required to be paid into the Repair and Replacement Fund by other provisions hereof.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such Revenues with the Bonds. All obligations issued by the Issuer after the issuance of the Series 1995 Bonds and payable from the Revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such Revenues and in all other respects, to the Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinance 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 and the Prior Ordinance, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Series 1992 Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinance shall be applicable. In addition, no Parity Bonds, payable out of the Revenues of the System, shall be issued after the issuance of the Series 1995 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinance).

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of the acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Bonds or any Parity Bonds, or paying claims which may exist against the Revenues or facilities of the System, or for any combination of such purposes.

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the City Clerk 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 the 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Series 1992 Bonds are Outstanding, not be less than 120% and thereafter shall be not 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 Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Ordinance, payable from the Net Revenues of the System on a parity with the Bonds, and all the 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 theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinance. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System,

and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

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

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

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

The Issuer shall permit the Authority and the DEP, or their agents and representatives, to inspect all records pertaining to the operation of the System at all reasonable times.

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, the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds, and shall mail in each year to any Holder or Holders of the Series 1995 Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1995 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 1995 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the Revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service requirements.

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

The Issuer shall provide the Authority and the DEP, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP with respect to the System pursuant to the Act.

Section 7.09. Rates. 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 City Clerk, 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 (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and Revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other Revenues of the System (i) to provide for Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% 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, so long as the Series 1992 Bonds are Outstanding, and thereafter 115% of such amount; provided that, in the event that the Series 1992 Bonds are no longer Outstanding and an amount equal to or in excess of the Series 1995 Bonds Reserve Requirement is on deposit in the Series 1995 Reserve Account and any reserve accounts for obligations prior to or on a parity with the Series 1995 Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1995 Bonds and all other obligations secured by a lien on or payable from such Revenues prior to or on a parity with the Series 1995 Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget; Audit and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated Revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the

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

The Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement.

The Issuer shall provide and maintain competent and adequate resident engineering services satisfactory to the Authority and the DEP covering the supervision and inspection of the development and construction of the System 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.

The Issuer agrees that qualified operating personnel properly certified by the State will be employed to operate the System during the entire term of the Loan Agreement.

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia and, where applicable and not in conflict with the laws of the State of West Virginia, the laws of the Commonwealth of 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 of West Virginia and the Commonwealth of Virginia 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 of the State of West Virginia and the Commonwealth of Virginia 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 or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 1995 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 greater of the fair appraised value or the original cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. In the event of any damage to or destruction of any portion of the System, the proceeds of all such insurance policies shall be placed in the Repair 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 Repair and Replacement Fund.

(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 $1,000,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the sewerage facilities portion of the System, and

every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Operation of System; Permits and Orders. The Issuer shall operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

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

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1995 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1995 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1995 Bonds during the term thereof is, under the terms of the Series 1995 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not

to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1995 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 1995 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1995 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 Series 1995 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1995 Bonds and the interest thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1995 Bonds which would cause the Series 1995 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1995 Bonds) so that the interest on the Series 1995 Bonds will be and remain excludable from gross income for

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

Section 8.03. 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 Series 1995 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1995 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.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1995 Bonds. In the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1995 Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on

all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution 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, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

(4) If default occurs with respect to the Series 1992 Bonds or the Prior Ordinance.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 1995 Bonds shall be on a parity with those of the Holders of the Series 1992 Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by

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

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

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.

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1995 Bonds, the principal of and interest due or to become due thereon, if any, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1995 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income for federal income tax purposes.

The 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 Agent 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. 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 Bonds 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 XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 1995 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1995 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 1995 Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Series 1995 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 1995 Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein 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 the Series 1995 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1995 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1995 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 1995 Bonds.

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

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

control (unless less restrictive), so long as the Series 1992 Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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, the City Manager, the City Clerk and members of the Governing Body were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

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

Passed on First Reading:	-	May 23, 1995
Passed on Second Reading:	-	June 13, 1995
Passed on Final Reading Following Public Hearing:	-	June 27, 1995

Webster Silbreath
Mayor

Beverly G. Tesch
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Board of Directors of THE CITY OF BLUEFIELD on the 27th day of June, 1995.

Dated: 8/23, 1995.

[SEAL]

Beverly G. Leach
City Clerk

05/22/95
BSREVC.A3
079810/94001

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REFUNDING REVENUE BOND, SERIES 1995
(WEST VIRGINIA SRF PROGRAM)

No. R-1 $7,945,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer 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 SEVEN MILLION NINE HUNDRED FORTY-FIVE THOUSAND DOLLARS ($7,945,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, without interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 1996, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated May 19, 1995, and Addendum thereto, dated August 24, 1995.

This Bond is issued for the purpose of providing funds which, together with other available funds of the Issuer, will be sufficient (i) to refund on a current basis and pay in full the principal of, redemption premium, if any, and interest on the Issuer's Sewer Revenue Bond, Series 1993 (the "Series 1993 Bonds"); (ii) to fund a

6

reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 27, 1995, and a Supplemental Resolution duly adopted by the Issuer on August 22, 1995 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and Revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S SEWER REFUNDING REVENUE BONDS, SERIES 1992, DATED JUNE 1, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,985,000 (THE "SERIES 1992 BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on parity with the pledge of Net Revenues in favor of the holders of the Series 1992 Bonds, 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 all operating expenses of the System and 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 proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other Revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for 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, including the Series 1992 Bonds, so long as the Series 1992 Bonds are outstanding, and thereafter,

115% of such amount; provided however, that, if the Series 1992 Bonds are no longer outstanding and so long as there exists in the Series 1995 Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of refunding the Series 1993 Bonds and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond 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 Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated August 29, 1995.

[SEAL]

Webster Gilbreath
Mayor

Tom N. Toney Jr.
City Manager

ATTEST:

Beverly G. Leach
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

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

Date: August 29, 1995.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

By Charlotte L Morgan
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 7,945,000.00	8/29/95	(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

SRF

City of Bluefield
$7,945,000
0% Interest Rate and .5% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
12/01/1995	-	-	-	-
3/01/1996	99,313.00	-	-	99,313.00
6/01/1996	99,313.00	-	-	99,313.00
9/01/1996	99,313.00	-	-	99,313.00
12/01/1996	99,313.00	-	-	99,313.00
3/01/1997	99,313.00	-	-	99,313.00
6/01/1997	99,313.00	-	-	99,313.00
9/01/1997	99,313.00	-	-	99,313.00
12/01/1997	99,313.00	-	-	99,313.00
3/01/1998	99,313.00	-	-	99,313.00
6/01/1998	99,313.00	-	-	99,313.00
9/01/1998	99,313.00	-	-	99,313.00
12/01/1998	99,313.00	-	-	99,313.00
3/01/1999	99,313.00	-	-	99,313.00
6/01/1999	99,313.00	-	-	99,313.00
9/01/1999	99,313.00	-	-	99,313.00
12/01/1999	99,313.00	-	-	99,313.00
3/01/2000	99,313.00	-	-	99,313.00
6/01/2000	99,313.00	-	-	99,313.00
9/01/2000	99,313.00	-	-	99,313.00
12/01/2000	99,313.00	-	-	99,313.00
3/01/2001	99,313.00	-	-	99,313.00
6/01/2001	99,313.00	-	-	99,313.00
9/01/2001	99,313.00	-	-	99,313.00
12/01/2001	99,313.00	-	-	99,313.00
3/01/2002	99,313.00	-	-	99,313.00
6/01/2002	99,313.00	-	-	99,313.00
9/01/2002	99,313.00	-	-	99,313.00
12/01/2002	99,313.00	-	-	99,313.00
3/01/2003	99,313.00	-	-	99,313.00
6/01/2003	99,313.00	-	-	99,313.00
9/01/2003	99,313.00	-	-	99,313.00
12/01/2003	99,313.00	-	-	99,313.00
3/01/2004	99,313.00	-	-	99,313.00
6/01/2004	99,313.00	-	-	99,313.00
9/01/2004	99,313.00	-	-	99,313.00
12/01/2004	99,313.00	-	-	99,313.00
3/01/2005	99,313.00	-	-	99,313.00
6/01/2005	99,313.00	-	-	99,313.00
9/01/2005	99,313.00	-	-	99,313.00
12/01/2005	99,313.00	-	-	99,313.00
3/01/2006	99,312.00	-	-	99,312.00
6/01/2006	99,312.00	-	-	99,312.00
9/01/2006	99,312.00	-	-	99,312.00
12/01/2006	99,312.00	-	-	99,312.00
3/01/2007	99,312.00	-	-	99,312.00
6/01/2007	99,312.00	-	-	99,312.00
9/01/2007	99,312.00	-	-	99,312.00
12/01/2007	99,312.00	-	-	99,312.00
3/01/2008	99,312.00	-	-	99,312.00

City of Bluefield
$7.945,000
0% Interest Rate and .5% Administrative Fee

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	DEBT SERVICE
6/01/2008	99,312.00	-	-	99,312.00
9/01/2008	99,312.00	-	-	99,312.00
12/01/2008	99,312.00	-	-	99,312.00
3/01/2009	99,312.00	-	-	99,312.00
6/01/2009	99,312.00	-	-	99,312.00
9/01/2009	99,312.00	-	-	99,312.00
12/01/2009	99,312.00	-	-	99,312.00
3/01/2010	99,312.00	-	-	99,312.00
6/01/2010	99,312.00	-	-	99,312.00
9/01/2010	99,312.00	-	-	99,312.00
12/01/2010	99,312.00	-	-	99,312.00
3/01/2011	99,312.00	-	-	99,312.00
6/01/2011	99,312.00	-	-	99,312.00
9/01/2011	99,312.00	-	-	99,312.00
12/01/2011	99,312.00	-	-	99,312.00
3/01/2012	99,312.00	-	-	99,312.00
6/01/2012	99,312.00	-	-	99,312.00
9/01/2012	99,312.00	-	-	99,312.00
12/01/2012	99,312.00	-	-	99,312.00
3/01/2013	99,312.00	-	-	99,312.00
6/01/2013	99,312.00	-	-	99,312.00
9/01/2013	99,312.00	-	-	99,312.00
12/01/2013	99,312.00	-	-	99,312.00
3/01/2014	99,312.00	-	-	99,312.00
6/01/2014	99,312.00	-	-	99,312.00
9/01/2014	99,312.00	-	-	99,312.00
12/01/2014	99,312.00	-	-	99,312.00
3/01/2015	99,312.00	-	-	99,312.00
6/01/2015	99,312.00	-	-	99,312.00
9/01/2015	99,312.00	-	-	99,312.00
12/01/2015	99,312.00	-	-	99,312.00
TOTAL	7,945,000.00	-	-	7,945,000.00 *

*Plus a one-half of one-percent administrative fee paid quarterly in the amount of $5,027.68. The total administrative fee paid over the life of the loan is $402,214.40.

YIELD STATISTICS

Accrued Interest from 12/01/1995 to 12/01/1995...	-
Average Life.....	10.125 YEARS
Bond Years.....	80,442.93
Average Coupon.....	-
Bond Yield for Arbitrage Purposes.....	-
True Interest Cost (TIC).....	-
Effective Interest Cost (EIC).....	0.5003125%

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

06/17/98

CITY OF BLUEFIELD

BOND ORDINANCE

TABLE OF CONTENTS

ARTICLE I 1

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS 1
Section 1.01. Authority for this Ordinance. 1
Section 1.02. Findings. 1
Section 1.03. Bond Legislation Constitutes Contract. 3
Section 1.04. Definitions. 3

ARTICLE II 11

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT 11
Section 2.01. Authorization for the Construction and Acquisition of the Project 11

ARTICLE III 12

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT 12
Section 3.01. Authorization of Series 1998 A Bonds. 12
Section 3.02. Terms of the Series 1998 A Bonds. 12
Section 3.03. Execution of Bonds 13
Section 3.04. Authentication and Registration 13
Section 3.05. Negotiability, Transfer and Registration. 13
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. 14
Section 3.07. Bonds not to be Indebtedness of the Issuer. 14
Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1998 A Bonds to be on Parity with the Series 1992 Bonds and the Series 1995 Bonds. 14
Section 3.09. Delivery of Bonds. 15
Section 3.10. Form of Bonds. 15
Section 3.11. Sale of Series 1998 A Bonds; Ratification of Execution of Loan Agreement with Authority 20
Section 3.12. "Amended Schedule A" Filing. 21

ARTICLE IV 21

SYSTEM REVENUES AND APPLICATION THEREOF 21
Section 4.01. Continuation or Establishment of Fund and Accounts with Depository Bank 21
Section 4.02. Continuation or Establishment of Funds and Accounts with Commission. 21
Section 4.03. System Revenues; Flow of Funds. 22

ARTICLE V 26

BOND PROCEEDS; FUNDS AND ACCOUNTS 26
Section 5.01. Application of Series 1998 A Bond Proceeds; Pledge of 26
Unexpended Bond Proceeds 26
Section 5.02. Disbursements From the Bond Construction Trust Fund 27

ARTICLE VI 28

ADDITIONAL COVENANTS OF THE ISSUER 28
Section 6.01. General Covenants of the Issuer. 28
Section 6.02. Bonds not to be Indebtedness of the Issuer. 28
Section 6.03. Bonds Secured by Pledge of Net Revenues. 28
Section 6.04. Initial Schedule of Rates and Charges. 28

Section 6.05. Sale of the System 29
Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 30
Section 6.07. Parity Bonds. 30
Section 6.08. Books and Records. 32
Section 6.09. Rates. 33
Section 6.10. Operating Budget and Audit. 34
Section 6.11. No Competing Franchise. 35
Section 6.12. Engineering Services and Operating Personnel. 35
Section 6.13. Enforcement of Collections. 35
Section 6.14. No Free Services. 36
Section 6.15. Insurance and Construction Bonds. 36
Section 6.16. Completion of Project. 38
Section 6.17. Tax Covenants. 38
Section 6.18. Mandatory Connections. 39
Section 6.19. Compliance with Loan Agreement and Law. 40

ARTICLE VII 40

INVESTMENT OF FUNDS; NON ARBITRAGE 40
Section 7.01. Investments. 40
Section 7.02. Arbitrage. 41
Section 7.03. Rebate of Excess Investment Earnings to the United States. 41
Section 7.04. Securities Laws Compliance. 44

ARTICLE VIII 44

DEFAULT AND REMEDIES 44
Section 8.01. Events of Default. 44
Section 8.02. Remedies. 45
Section 8.03. Appointment of Receiver. 45

ARTICLE IX 46

DEFEASANCE 46
Section 9.01. Defeasance of Series 1998 A Bonds. 46

ARTICLE X 47

MISCELLANEOUS 47
Section 10.01. Amendment or Modification of Bond Legislation. 47
Section 10.02. Bond Legislation Constitutes Contract. 47
Section 10.03. Severability of Invalid Provisions. 48
Section 10.04. Headings, Etc. 48
Section 10.05. Conflicting Provisions Repealed. 48
Section 10.06. Covenant of Due Procedure, Etc. 48
Section 10.07. Effective Date. 48
Section 10.08. Statutory Notice and Public Hearing. 48

CITY OF BLUEFIELD

BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE ACQUISITION, CONSTRUCTION, IMPROVEMENT AND BETTERMENT TO THE PUBLIC SEWERAGE SYSTEM FACILITIES OF THE CITY OF BLUEFIELD AND THE FINANCING CERTAIN COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $1,600,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO THE SERIES 1998 A 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 COMMON COUNCIL OF THE CITY OF BLUEFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

SECTION 1.01. AUTHORITY FOR THIS ORDINANCE.

This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13 and Chapter 22C, Article 2 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 City of Bluefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer presently owns and operates a public sanitary sewerage collection and treatment system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed, constructed and acquired certain additions, betterments and improvements for the existing sewerage facilities of the Issuer consisting of acquisition of a certain portion of the Bluewell Public Service District sewer system,

constructing certain lines, pump stations and other facilities to connect with the system to be acquired and performing certain work to take a portion of the acquired facilities out of service (the "Project") which constitute properties for the collection and treatment of wastewater (the existing sewerage system facilities of the Issuer, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of $1,585,800.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Issuer.

C. The Issuer intends to issue its Sewerage System Revenue Bonds, Series 1998 A, in order to pay the costs of the Project, to provide funds to reimburse itself for costs previously incurred and to pay the costs of issuance of the Series 1998 A Bonds

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

E. It is deemed necessary for the Issuer to issue its Sewerage System Revenue Bonds Series 1998 A in the total aggregate principal amount of not more than $1,600,000.00 (the "Series 1998 A Bonds"). The proceeds of the Series 1998 A Bonds will used to finance certain costs for the construction and acquisition of the Project and to reimburse the Issuer for certain costs already incurred. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Bonds prior to and during construction or acquisition and for a period not exceeding 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 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

G. The period of usefulness of the System after completion of the Project is not less than 20 years.

H. It is in the best interests of the Issuer that its Series 1998 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of the Environment ("DEP"), in form satisfactory to the Issuer, the Authority and the DEP, as shall be approved herein.

I. Other than the Series 1992 Bonds and the Series 1995 Bonds, as defined herein, there is not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1992 Bonds, the Series 1995 Bonds and the Series 1998 A Bonds shall be secured by a first lien on the revenues of the System, which lien shall be shared on a proportionate basis between each series of bonds.

J. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia.

K. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Council to issue the Series 1998 A Bonds for the purposes set forth herein.

L. The Project has been approved by the West Virginia Infrastructure and Jobs Development Counsel as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended, or is grandfathered from review thereby.

SECTION 1.03. BOND LEGISLATION CONSTITUTES CONTRACT.

In consideration of the acceptance of the 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 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 1998 A 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 duly appointed by the Governing Body.

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

"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 Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Bonds" means the Series 1992 Bonds, the Series 1995 Bonds and the Series 1998 A Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means, with respect to the Series 1998 A Bonds, 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 Regulations.

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

"Consulting Engineers" means Thompson & Litton of West Virginia, Inc., Bluefield, 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 1.02E 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 the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of the Environment.

"Excess Investment Earnings" means an amount equal to the sum of:

(A) The excess of

(i) The aggregate amount earned from the Closing Date on all Nonpurpose Investments in which Gross Proceeds of the Series 1998 A Bonds are invested [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings], over

(ii) The amount that would have been earned if the Yield on such Nonpurpose Investments [other than amounts attributable to an excess described in this clause (A) of this definition of Excess Investment Earnings] had been equal to the Yield on the Series 1998 A Bonds, plus

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

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

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

"Governing Body" means the Council of the Issuer, as it may 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 Proceeds" means any proceeds and replacement proceeds of the Series 1998 A Bonds.

"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.

"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.

"Investment" means any investment property as defined in Sections 148 (b) (2) and 148 (b) (3) of the Code and any other tax exempt bond.

"Issuer" means The City of Bluefield, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into among the West Virginia Department of Environmental Protection, the Authority and the Issuer providing for the purchase of the Series 1998 A Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund..

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

"Nonpurpose Investment" means any Investment not acquired in order to carry out the governmental purpose of the 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 the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Outstanding," when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (i) any Bond cancelled by the Bond Registrar at or prior to said date; (ii) any Bond for the payment of which moneys, equal to its principal amount and redemption premium, if applicable, with

interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid as provided in Article IX hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, any Bonds registered to the Issuer.

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

"Paying Agent" means the West Virginia Municipal Bond Commission, as paying agent for the Series 1998 A Bonds.

"Prior Ordinances" means the ordinance enacted by the Council of the Issuer on June 2, 1992, as amended and supplemented by a Supplemental Resolution adopted June 2, 1992, pursuant to which the Series 1992 Bonds were issued, and the ordinance enacted by the Council of the Issuer on June 27, 1995, as amended and supplemented by a Supplemental Resolution adopted August 22, 1995, pursuant to which the Series 1995 Bonds were issued.

"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" means the acquisition and construction of certain extensions, improvements and betterments to the Issuer's wastewater collection and treatment facilities of the Issuer, as described in paragraph 1.02B hereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

"Recorder" means the Recorder of the Issuer.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established and continued by the Prior Ordinances.

"Revenue Fund" means the Revenue Fund established and continued by the Prior Ordinances.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Series 1998 A Bonds, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest.

"Series 1992 Bonds" means the $4,985,000.00 in aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 1992, of the Issuer issued pursuant to the Prior Ordinance, of which $4,600,000.00 are still outstanding.

"Series 1995 Bonds" means the $7,945,000.00 in aggregate principal amount of Sewerage System Refunding Revenue Bonds, Series 1995, of the Issuer issued pursuant to the Prior Ordinance, of which $7,150,496.00 are still outstanding.

"Series 1998 A Bonds" means the not more than $1,600,000.00 in aggregate principal amount of Sewerage System Revenue Bonds, Series 1998 A, of the Issuer issued pursuant to this Ordinance.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to the Prior Ordinance.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to the Prior Ordinance.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1992 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1992 Bonds in the then current or any succeeding year.

"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 the then current or any succeeding year.

"Series 1998 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year.

"Series 1992 Bonds Sinking Fund means the Series 1992 Bonds Sinking Fund established by the Prior Ordinance.

"Series 1995 Bonds Sinking Fund means the Series 1995 Bonds Sinking Fund established by the Prior Ordinance.

"Series 1998 A Bonds Sinking Fund means the Series 1998 A Bonds Sinking Fund established by Section 4.02 hereof.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Series 1998 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 1998 A Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the 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" means the existing sewerage system facilities as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said sewerage system; and shall 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.

"Yield" means that yield computed under Section 1.148–4 of the Regulations for the Series 1998 A Bonds and yield computed under Section 1.148-5 of the Regulations for an investment.

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 FOR THE CONSTRUCTION AND ACQUISITION OF THE PROJECT.

There is hereby authorized acquisition and construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers. The Project consists generally of acquisition of a certain portion of the Bluewell Public Service District sewer system, constructing certain lines, pump stations and other facilities to connect with the system to be acquired and performing certain work to take a portion of the acquired facilities out of service. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

It is estimated that the proposed construction will cost approximately $1,585,800.00, and will consist of the following:

Construction	909,600.00
Engineering	240,000.00
Legal and Fiscal	21,500.00
Administrative	N/A
Interim Financing Costs	N/A
Bond Counsel for 1998 Bonds	8,500.00
Project Contingency	43,000.00
Site and Easement Costs	40,000.00
Acquisition of Existing Facilities	250,000.00
Prefunded Debt Service Reserve	73,200.00
Total Project	1,585,800.00

The Issuer intends to pay the costs of the Project from the proceeds of the Series 1998 A Bonds.

The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

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

SECTION 3.01. AUTHORIZATION OF SERIES 1998 A BONDS.

For the purposes of paying certain Costs of the Project not otherwise provided for, paying certain costs of issuance of the Series 1998 A Bonds and related costs, there shall be issued negotiable Series 1998 A Bonds of the Issuer, in an aggregate principal amount of not more than $1,600,000.00. Said Series 1998 A Bonds shall be issued as a single bond and designated as "Sewerage System Revenue Bonds, Series 1998 A." The Series 1998 A Bonds shall bear no interest until _____. From _____ the Series 1998 A Bonds shall bear interest at the rate of zero percent (0%) per annum. There shall also be payable on the Series 1998 A Bonds a one percent (1%) administrative fee. The Series 1998 A Bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 A Bonds shall be deposited in the Bond Construction Trust Fund.

SECTION 3.02. TERMS OF THE SERIES 1998 A BONDS.

The Series 1998 A Bonds shall bear interest as set forth above; shall be payable and mature on such dates and in such amounts as set forth in Schedule Y attached hereto; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution, or as specifically provided in the Loan Agreement. The Series 1998 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1998 A Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1998 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 1998 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1998 A Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

SECTION 3.03. EXECUTION OF BONDS.

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

SECTION 3.04. AUTHENTICATION AND REGISTRATION.

No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 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 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, 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 cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, 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 cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

SECTION 3.07. BONDS NOT TO BE INDEBTEDNESS OF THE ISSUER.

The Series 1998 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1998 A Bonds Reserve Account. No holder or holders of any of the Series 1998 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1998 A Bonds or the interest thereon.

SECTION 3.08. BONDS SECURED BY PLEDGE OF NET REVENUES; SERIES 1998 A BONDS TO BE ON PARITY WITH THE SERIES 1992 BONDS AND THE SERIES 1995 BONDS.

The payment of the debt service of all the Series 1992 Bonds, the Series 1995 Bonds and Series 1998 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, which first lien shall be shared prorata among all the above described indebtedness. Such Net Revenues in an amount sufficient to pay the

principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter and in the Prior Ordinance 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. DELIVERY OF BONDS.

The Issuer shall execute and deliver the Series 1998 A Bonds to the Bond Registrar, and the Registrar shall authenticate, register and deliver the Bonds to the original purchasers thereof upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar, on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Bonds to the original purchasers; and

C. The unqualified approving opinion of bond counsel on the Bonds.

SECTION 3.10. FORM OF BONDS.

The text of the 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 1998 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWERAGE SYSTEM REVENUE BOND
SERIES 1998 A

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ Dollars ($_____), or such lesser amount as shall have been advanced to the Issuer

hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, together interest thereon at the rate of zero percent (0%) per annum and an administrative fee of one percent (1%) per annum, which interest and administrative fee shall begin to accrue _____, in installments on March 1, June 1, September 1 and December 1 of each year, beginning _____, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest rate on each installment shall run from _____, and shall be payable on March 1, June 1, September 1 and December 1 of each year, beginning _____, as shown on the aforesaid Schedule. 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 _____, 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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated _____, 1998.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); and (ii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1998, and _____, 1998, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992 OF THE ISSUER (THE "SERIES 1992 BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,985,000, AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS SERIES 1995 OF THE ISSUER (THE "SERIES 1995 BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $7,945,000, WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF EACH RESPECTIVE SERIES OF BONDS.

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, , which first lien is shared with the holders of the Series 1992 Bonds and the Series 1995 Bonds, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount required in any year for principal of and interest on the Series 1998 A Bonds and the Series 1992 Bonds and the Series 1995 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1998 A Bonds, the Series 1992 Bonds or the Series 1995 Bonds; Provided however that when the Series 1992 Bonds are no longer outstanding the percentage may be reduced to 115%; and, provided further, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1995 Bonds and any other obligations outstanding prior to or on a parity with the Series 1998 A Bonds or the Series 1995 Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its Recorder, and has caused this Bond to be dated _____, 1998.

[SEAL]

Mayor

ATTEST:

Recorder

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Bluefield Sewerage System Revenue Bonds, Series 1998 A, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ADVANCES

Amount	Date

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Amount

(Form of)

ASSIGNMENT

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

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

Dated: _____, ____.

In the presence of:

SECTION 3.11. SALE OF SERIES 1998 A BONDS; RATIFICATION OF EXECUTION OF LOAN AGREEMENT WITH AUTHORITY.

The Series 1998 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof and the Recorder is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

SECTION 3.12. "AMENDED SCHEDULE A" FILING.

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

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

SECTION 4.01. CONTINUATION OR ESTABLISHMENT OF FUND AND ACCOUNTS WITH DEPOSITORY BANK.

The following special funds or accounts are hereby continued or 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 Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

SECTION 4.02. CONTINUATION OR ESTABLISHMENT OF FUNDS AND ACCOUNTS WITH COMMISSION.

The following special funds or accounts are hereby continued or established with the Commission:

(1) Series 1992 Bonds Sinking Fund;

(a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

(2) Series 1995 Bonds Sinking Fund;

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

(3) Series 1998 A Bonds Sinking Fund;

(a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A 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, each month, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) (a) From the moneys remaining in the Revenue Fund, the Issuer shall next commencing 6 months prior to the first date of payment of interest on the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to $1/6^{th}$ of the amount of interest which will become due on said Series 1992 Bonds on the next ensuing semi-annual interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1992 Bonds Sinking Fund and the next semi-annual interest payment date is less than 6 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semi-annual interest payment date, the required amount of interest coming due on such date.

(b) Simultaneously, the Issuer shall, commencing 12 months prior to the first date of payment of principal on the Series 1992 Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1992 Bonds Sinking Fund, a sum equal to $1/12^{th}$ of the amount of principal which will mature and become due on said Series 1992 Bonds 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 1992 Bonds Sinking Fund and the next annual principal payment date is less than 12 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.

(c) Simultaneously, the Issuer shall, commencing 3 months prior to the first date of payment of principal, interest and administrative fee 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 $1/3^{rd}$ of the amount of principal, interest and administrative fee which will become due on said Series 1995 Bonds on the next ensuing quarterly 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 quarterly payment date is less than 6 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly payment date, the required amount coming due on such date.

(d) Simultaneously, the Issuer shall, commencing 3 months prior to the first date of payment of principal, interest and administrative fee on the Series 1998 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1998 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal, interest and administrative fee which will become due on said Series 1998 A Bonds on the next ensuing quarterly payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1998 A Bonds Sinking Fund and the next quarterly payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly payment date, the required amount coming due on such date.

In the event there is insufficient money in the Revenue Fund to make the payments described in this paragraph above, the Issuer shall use the available moneys and make the payments provided for on a prorata basis.

(3) Thereafter, the Issuer shall, commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1998 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1998 A Bonds Reserve Requirement.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after completion of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2½% of the Gross Revenues each month, exclusive of any payments for account of the Series 1992 Bonds Reserve Account, the Series 1995 Bonds Reserve Account or the Series 1998 A 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 1992 Bonds Reserve Account, the Series 1995 Bonds Reserve Account or the Series 1998 A 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 by Subsection 4.03(A)(2)(d)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1992 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective Series 1992 Bonds as the same shall become due. Moneys in the Series 1992 Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1992 Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

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 respective Series 1995 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 Series 1995 Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

Moneys in the Series 1998 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective Series 1998 A Bonds as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1998 A Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 Bonds Sinking Fund and the Reserve Account therein 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Series 1998 A Bonds Sinking Fund and applied to the next ensuing interest payments, if any, due on the Series 1998 A Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1992 Bonds Reserve Account which result in a reduction in the balance of the Series 1992 Bonds Reserve Account to below the Series 1992 Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Section 4.03(A)(2) above have been made in full.

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 set forth in Section 4.03(A)(2) above have been made in full.

Any withdrawals from the Series 1998 A Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account to below the Series 1998 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments set forth in Section 4.03(A)(2) above have been made 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 respective Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate Reserve Account in an amount equal to the maximum provided and required to be paid into the concomitant Sinking Fund in any year for account of the Bonds of such series, 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 1992 Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1992 Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1992 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

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

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund or into the Reserve Account therein when the aggregate amount of funds in said Series 1998 A Bonds Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1998 A 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 respective Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 1998 A Bonds Sinking Fund, including the Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 A 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 Accounts 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 complete the "Monthly Payment Form," a copy of which is attached to the Loan Agreement as Exhibit F, and submit a copy of said form along with a copy of its check to the Authority by the 5th day of each calendar month.

D. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar or the Depository Bank, on such dates as the Commission, the Registrar or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay the Depository Bank's charges then due. The Issuer shall also remit from the Revenue Fund to the Authority, on such dates as the Authority shall require, the Issuer's allocable share of reasonable administrative expenses, if any, incurred by the Authority with respect to the SRF Program.

E. 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.

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

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

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

I. The Issuer shall each month on the day set forth in Section 4.03A(2) hereof, and if such day is not a business day, then the next succeeding business day), deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement.

ARTICLE V

BOND PROCEEDS; FUNDS AND ACCOUNTS

SECTION 5.01. APPLICATION OF SERIES 1998 A BOND PROCEEDS; PLEDGE OF UNEXPENDED BOND PROCEEDS.

The moneys received from the sale of the Series 1998 A Bonds, as requisitioned by the Issuer, shall be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02.

The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in

the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1998 A Bonds.

SECTION 5.02. DISBURSEMENTS FROM THE BOND CONSTRUCTION TRUST FUND.

On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1998 A Bonds will be expended and the disbursement procedures for such proceeds, including a estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from the Authority and DEP of the following:

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

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

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

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

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

(D) That payment for each of the items proposed is then due and owing, or that Issuer or the Sanitary Board has previously paid such item in connection with the Project is being reimbursed for such payment.

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

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

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series

1998 A Bonds Reserve Account, and when fully funded, shall apply such remaining moneys as directed by the Authority.

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 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Bonds as hereinafter provided in this Article 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 not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of 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 1998 A Bonds issued hereunder and the Series 1992 Bonds and the Series 1995 Bonds heretofore issued shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts 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 ordinance of the Issuer enacted _____.

SECTION 6.05. SALE OF THE SYSTEM.

Except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds 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 Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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 $25,000, the Sanitary Board 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 $25,000 but not in excess of $50,000, the Sanitary Board shall first, in writing determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and 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 $25,000 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 by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

SECTION 6.06. ISSUANCE OF OTHER OBLIGATIONS PAYABLE OUT OF REVENUES AND GENERAL COVENANT AGAINST ENCUMBRANCES.

Except as provided in this Section 6.06, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Bonds may be issued as provided for in Section 6.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity 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 1992 Bonds and the Series 1995 Bonds and the Series 1998 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the 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.

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

SECTION 6.07. PARITY BONDS.

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

So long as the Series 1992 Bonds and the Series 1995 Bonds are outstanding, no parity bonds shall issued except in conformity with the requirements of the ordinances authorizing the Series 1992 Bonds, the Series 1995 Bonds and this Ordinance.

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 Authority and the Bank 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 Resolution then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and

superior liens of the Series 1992 Bonds, the Series 1995 Bonds and the Series 1998 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1998 A Bonds, the Series 1992 Bonds or 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.

SECTION 6.08. BOOKS AND RECORDS.

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

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

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

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

The Issuer shall file with the Consulting Engineers, the Authority and the DEP, 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 and DEP, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement as Exhibit B, and forward a copy to the Authority and DEP by the 10th day of each month.

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

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

SECTION 6.09. RATES.

So long as the Series 1992 Bonds and the Series 1995 Bonds are outstanding, the City shall maintain rates and charges for the use of the System consistent with the requirements of the ordinances authorizing the issuance of such bonds.

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 an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Account and 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, subject to any requirements of law, the Issuer shall not reduce the rates and charges for services set forth in the rate ordinance described in the Section 6.04 hereof.

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 expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof. 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 mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and to any Holder of any Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds or anyone acting for and in behalf of such Holder of any Bonds.

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. ENGINEERING SERVICES AND OPERATING PERSONNEL.

Prior to the issuance of the Series 1998 A Bonds, Issuer shall provide the Authority a certificate of the Consulting Engineer, substantially in the form as shown on Exhibit D to the Loan Agreement.

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

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

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

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

SECTION 6.13. ENFORCEMENT OF COLLECTIONS.

The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, 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, or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

The Issuer further acknowledges that it has a water termination agreement with all entities providing water service in the areas in which the Issuer provides sewer service and will maintain and use such agreement subject to all the rules, regulations and orders of the Public Service Commission.

SECTION 6.14. NO FREE SERVICES.

The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

SECTION 6.15. 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 $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the 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.

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

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such workers compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project, provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP. In the event the Loan Agreement so requires, such

insurance shall be made payable to the order of the Authority, the DEP, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

SECTION 6.16. COMPLETION OF PROJECT.

The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

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

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 Series 1998 A 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 Series 1998 A 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 Series 1998 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Series 1998 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

SECTION 6.18. 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 of West Virginia 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.

SECTION 6.19. COMPLIANCE WITH LOAN AGREEMENT AND LAW.

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

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

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 reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the 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 Series 1998 A 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 Series 1998 A Bonds, so that the Series 1998 A 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 (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1998 A Bonds) so that the interest on the Series 1998 A 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. REBATE OF EXCESS INVESTMENT EARNINGS TO THE UNITED STATES.

In accordance with Section 148(f)(4)(C) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt obligations (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Bonds are issued will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(C) of the Code and the Regulations promulgated thereunder. For purposes of this Section 7.03 and for purposes of applying Section 148(f)(4)(C) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a subordinate entity shall, for purposes of applying this Section 7.03 and Section 148(f)(4)(C) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(C) of the Code and all other entities benefiting thereby shall be treated as one issuer.

In the event the foregoing paragraph does not apply, in accordance with the rebate requirements of Section 148(f) of the Code, the Issuer shall take the following actions:

A. CREATION OF FUNDS. There are hereby created, to be held by the Depository Bank as separate funds distinct from all other funds and accounts held by the Depository Bank under this Bond Legislation, the Earnings Fund and the Rebate Fund. All interest earnings and profits on amounts in all funds and accounts established under this Bond Legislation, other than (i) interest earnings and profits on any funds referenced in Subsection C(5) of this Section if such earnings in any Bond Year are less than $100,000, (ii) interest earnings and profits on amounts in funds and accounts which do not constitute Gross Proceeds, and (iii) interest earnings and profits on the Rebate Fund shall, upon receipt by the Depository Bank, be deposited in the Earnings Fund. In addition, all interest earnings and profits on Gross Proceeds in funds held by the Issuer shall, upon receipt, be paid to the Depository Bank for deposit in the Earnings Fund. Annually, on or before the 30th day following the end of each Bond Year or on the preceding business day in the event that such last day is not a business day, or such earlier date as may be required under the Code, the Depository Bank shall transfer from the Earnings Fund to the Rebate Fund for

purposes of ultimate payment to the United States an amount equal to Excess Investment Earnings, all as more particularly described in this Section. Following the transfer referenced in the preceding sentence, the Depository Bank shall transfer all amounts remaining in the Earnings Fund to be used for the payment of Debt Service on the next interest payment date and for such purpose, Debt Service due from the Issuer on such date shall be credited by an amount equal to the amount so transferred.

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

C. CALCULATION OF EXCESS INVESTMENT EARNINGS. Within 15 days following the last day of the first Bond Year, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the Excess Investment Earnings referenced in clause (A) of the definition of Excess Investment Earnings. Thereafter, within 15 days following the last day of each Bond Year and within 15 days following the date of the retirement of the Bond, the Issuer shall calculate, and shall provide written notice to the Authority and Depository Bank of, the amount of Excess Investment Earnings. Said calculations shall be made or caused to be made by the Issuer in accordance with the following:

(1) Except as provided in (2), in determining the amount described in clause A(i) the definition of Excess Investment Earnings, the aggregate amount earned on Nonpurpose Investments shall include (i) all income realized under federal income tax accounting principles (whether or not the person earning such income is subject to federal income tax) with respect to such Nonpurpose Investments and with respect to the reinvestment of investment receipts from such Nonpurpose Investments (without regard to the transaction costs incurred in acquiring, carrying, selling or redeeming such Nonpurpose Investments), including, but not limited to, gain or loss realized on the disposition of such Nonpurpose Investments (without regard to when such gains are taken into account under Section 453 of the Code relating to taxable year of inclusion of gross income), and income under Section 1272 of the Code (relating to original issue discount) and (ii) any unrealized gain or loss as of the date of retirement of the Bonds in the event that any Nonpurpose Investment is retained after such date.

(2) In determining the amount described in clause (A) of the definition of Excess Investment Earnings, an Investment shall be treated as acquired for its fair market value at the time it becomes a Nonpurpose Investment, so that gain or loss on the disposition of such Investment shall be computed with reference to such fair market value as its adjusted basis.

(3) In determining the amount described in clause (A)(ii) of the definition of Excess Investment Earnings, the Yield on the Bonds shall be determined based on the actual Yield of the Bonds during the period between the Closing Date of the Bonds and the date the computation is made (with adjustments for original issue discount or premium).

(4) In determining the amount described in clause (B) of the definition of Excess Investment Earnings, all income attributable to the excess described in clause (A) of said

definition must be taken into account, whether or not that income exceeds the Yield of the Bond, and no amount may be treated as "negative arbitrage."

(5) In determining the amount of Excess Investment Earnings, there shall be excluded any amount earned on any fund or account which is used primarily to achieve a proper matching of revenues and Debt Service within each Bond Year and which is depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1 year's earnings on such fund or account or 1/12th of annual Debt Service as well as amounts earned on said earnings if the gross earnings on such fund or account for the Bond Year is less than $100,000.

D. PAYMENT TO THE UNITED STATES. The Issuer shall direct the Depository Bank to pay from the Rebate Fund an amount equal to Excess Investment Earnings to the United States in installments with the first payment to be made not later than 30 days after the end of the 5th Bond Year and with subsequent payments to be made not later than 5 years after the preceding payment was due. The Issuer shall assure that each such installment is in an amount equal to at least 90% of the Excess Investment Earnings with respect to the Gross Proceeds as of the close of the computation period. Not later than 60 days after the retirement of the Bonds, the Issuer shall direct the Depository Bank to pay from the Rebate Fund to the United States 100% of the theretofore unpaid Excess Investment Earnings in the Rebate Fund. In the event that there are any amounts remaining in the Rebate Fund following the payment required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required by this Subsection D, 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 the event of a failure to pay any such amount or amounts, the Issuer will pay, from any lawful sources available therefor, to the United States, an amount equal to the sum of 50% of the amount not paid, plus interest at the required rate on the portion of the amount which was not paid on the required date, beginning on such date, unless waived.

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

F. MAINTENANCE OF RECORDS. The Issuer shall keep and retain for a period of 6 years following the retirement of the Bonds, records of the determinations made pursuant to this Section 7.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 7.03, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate.

H. FURTHER AGREEMENT. Notwithstanding the foregoing, the Issuer further 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.

I. REPORTING TO AUTHORITY. The Issuer shall furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information as may be requested by the Authority, including, without limitation, information with respect to earnings on all funds constituting "gross proceeds" of the Series 1998 A Bonds (as such term "gross proceeds" is defined in the Code). 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.

SECTION 7.04. SECURITIES LAWS COMPLIANCE.

The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

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 Series 1998 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1998 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1998 A Bonds set forth in this Bond Legislation, any

supplemental resolution or in the Series 1998 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners.

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 with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

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

ARTICLE IX

DEFEASANCE

SECTION 9.01. DEFEASANCE OF SERIES 1998 A BONDS.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1998 A 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 1998 A 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 1998 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1998 A 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 1998 A Bonds shall be

deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1998 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either 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 1998 A 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 1998 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the 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 Series 1998 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the 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 Bonds.

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, except for the provisions of the Ordinances to the extent such provisions affect the Series 1992 Bonds and the Series 1995 Bonds.

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 2 successive weeks within a period of fourteen consecutive days, with at least 6

full days intervening between each publication, in Bluefield Daily Telegraph, which is a qualified newspaper of general circulation in The City of Bluefield, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the City Council upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract 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 - _____

Passed on Second Reading - _____

Effective Date Following
Public Hearing

Mayor

Recorder

R-1

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWERAGE SYSTEM REVENUE BONDS
SERIES 1998 A

No. R-1 $1,116,645.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of One Million One Hundred Sixteen Thousand Six Hundred Forty Five Dollars ($1,116,645.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference. Principal payments shall be payable in quarterly installments on March 1, June 1, September 1 and December 1 of each year, beginning September 1, 2001, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit B hereto and incorporated herein by reference, and shall bear no interest. The SRF Administrative Fee of one percent (1%) per annum shall be payable in quarterly installments on March 1, June 1, September 1, and December 1 of each year, beginning on September 1, 2001 as set forth on said Exhibit B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated April 28, 1999.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, improvements and betterments to the sewerage system facilities of the Issuer (the "Project"); (ii) to fund the reserve account; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on July 14, 1998, and May 11, 1999, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992 OF THE ISSUER (THE "SERIES 1992 BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,985,000, AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS SERIES 1995 OF THE ISSUER (THE "SERIES 1995 BONDS"), ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $7,945,000, WITH RESPECT TO LIENS AND SOURCES OF AND SECURITY FOR PAYMENT OF EACH RESPECTIVE SERIES OF BONDS.

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, which first lien is shared with the holders of the Series 1992 Bonds and the Series 1995 Bonds, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1998 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1998 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount required in any year for principal of and interest on the Series 1998 A Bonds, the Series 1992 Bonds and the Series 1995 Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1998 A Bonds, the Series 1992 Bonds or the Series 1995 Bonds; Provided however that when the Series 1992 Bonds are no longer outstanding the percentage may be reduced to 115%; and, provided further, that so long as there exists in the Series 1998 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Series 1998 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for the Series 1995 Bonds and any other obligations outstanding prior to or on a parity with the Series 1998 A Bonds or the Series 1995 Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of Bank One, West Virginia, National Association, Charleston, West Virginia (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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the 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 CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated May 20, 1999.

[SEAL]

_____
Mayor

_____
City Manager

ATTEST:

_____
City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Bluefield Sewerage System Revenue Bonds, Series 1998 A, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION, as Registrar

By:_____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ADVANCES

Amount	Date

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

Date	Principal	Total P&I	Expense	New Net D/S
06/01/2001	.00	.00	.00	.00
09/01/2001	13,959.00	13,959.00	2,791.62	16,750.62
12/01/2001	13,959.00	13,959.00	2,756.72	16,715.72
03/01/2002	13,959.00	13,959.00	2,721.82	16,680.82
06/01/2002	13,959.00	13,959.00	2,686.92	16,645.92
09/01/2002	13,959.00	13,959.00	2,652.03	16,611.03
12/01/2002	13,958.00	13,958.00	2,617.13	16,575.13
03/01/2003	13,958.00	13,958.00	2,582.23	16,540.23
06/01/2003	13,958.00	13,958.00	2,547.34	16,505.34
09/01/2003	13,958.00	13,958.00	2,512.44	16,470.44
12/01/2003	13,958.00	13,958.00	2,477.55	16,435.55
03/01/2004	13,958.00	13,958.00	2,442.65	16,400.65
06/01/2004	13,958.00	13,958.00	2,407.76	16,365.76
09/01/2004	13,958.00	13,958.00	2,372.86	16,330.86
12/01/2004	13,958.00	13,958.00	2,337.97	16,295.97
03/01/2005	13,958.00	13,958.00	2,303.07	16,261.07
06/01/2005	13,958.00	13,958.00	2,268.18	16,226.18
09/01/2005	13,958.00	13,958.00	2,233.28	16,191.28
12/01/2005	13,958.00	13,958.00	2,198.39	16,156.39
03/01/2006	13,958.00	13,958.00	2,163.49	16,121.49
06/01/2006	13,958.00	13,958.00	2,128.60	16,086.60
09/01/2006	13,958.00	13,958.00	2,093.70	16,051.70
12/01/2006	13,958.00	13,958.00	2,058.81	16,016.81
03/01/2007	13,958.00	13,958.00	2,023.91	15,981.91
06/01/2007	13,958.00	13,958.00	1,989.02	15,947.02
09/01/2007	13,958.00	13,958.00	1,954.12	15,912.12
12/01/2007	13,958.00	13,958.00	1,919.23	15,877.23
03/01/2008	13,958.00	13,958.00	1,884.33	15,842.33
06/01/2008	13,958.00	13,958.00	1,849.44	15,807.44
09/01/2008	13,958.00	13,958.00	1,814.54	15,772.54
12/01/2008	13,958.00	13,958.00	1,779.65	15,737.65
03/01/2009	13,958.00	13,958.00	1,744.75	15,702.75
06/01/2009	13,958.00	13,958.00	1,709.86	15,667.86
09/01/2009	13,958.00	13,958.00	1,674.96	15,632.96
12/01/2009	13,958.00	13,958.00	1,640.07	15,598.07
03/01/2010	13,958.00	13,958.00	1,605.17	15,563.17
06/01/2010	13,958.00	13,958.00	1,570.28	15,528.28
09/01/2010	13,958.00	13,958.00	1,535.38	15,493.38
12/01/2010	13,958.00	13,958.00	1500.49	15,458.49
03/01/2011	13,958.00	13,958.00	1,465.59	15,423.59
06/01/2011	13,958.00	13,958.00	1,430.70	15,388.70
09/01/2011	13,958.00	13,958.00	1,395.80	15,353.80
12/01/2011	13,958.00	13,958.00	1,360.91	15,318.91
03/01/2012	13,958.00	13,958.00	1,326.01	15,284.01
06/01/2012	13,958.00	13,958.00	1,291.12	15,249.12
09/01/2012	13,958.00	13,958.00	1,256.22	15,214.22
12/01/2012	13,958.00	13,958.00	1,221.33	15,179.33
03/01/2013	13,958.00	13,958.00	1,186.43	15,144.43
06/01/2013	13,958.00	13,958.00	1,151.54	15,109.54
09/01/2013	13,958.00	13,958.00	1,116.64	15,074.64
12/01/2013	13,958.00	13,958.00	1,081.75	15,039.75
03/01/2014	13,958.00	13,958.00	1,046.85	15,004.85
06/01/2014	13,958.00	13,958.00	1,011.96	14,969.96
09/01/2014	13,958.00	13,958.00	977.06	14,935.06
12/01/2014	13,958.00	13,958.00	942.17	14,900.17
03/01/2015	13,958.00	13,958.00	907.27	14,865.27
06/01/2015	13,958.00	13,958.00	872.38	14,830.38
09/01/2015	13,958.00	13,958.00	837.48	14,796.48
12/01/2015	13,958.00	13,958.00	802.59	14,760.59
03/01/2016	13,958.00	13,958.00	767.69	14,725.69
06/01/2016	13,958.00	13,958.00	732.80	14,690.80
09/01/2016	13,958.00	13,958.00	697.90	14,655.90
12/01/2016	13,958.00	13,958.00	663.01	14,621.01
03/01/2017	13,958.00	13,958.00	628.11	14,586.11
06/01/2017	13,958.00	13,958.00	593.22	14,551.22
09/01/2017	13,958.00	13,958.00	558.32	14,518.32
12/01/2017	13,958.00	13,958.00	523.43	14,481.43
03/01/2018	13,958.00	13,958.00	488.53	14,446.53
06/01/2018	13,958.00	13,958.00	453.64	14,411.64
09/01/2018	13,958.00	13,958.00	418.74	14,376.74
12/01/2018	13,958.00	13,958.00	383.85	14,341.85
03/01/2019	13,958.00	13,958.00	348.95	14,306.95
06/01/2019	13,958.00	13,958.00	314.06	14,272.06
09/01/2019	13,958.00	13,958.00	279.16	14,237.16
12/01/2019	13,958.00	13,958.00	244.27	14,202.27
03/01/2020	13,958.00	13,958.00	209.37	14,167.37
06/01/2020	13,958.00	13,958.00	174.48	14,132.48
09/01/2020	13,958.00	13,958.00	139.58	14,097.58
12/01/2020	13,958.00	13,958.00	104.69	14,062.69
03/01/2021	13,958.00	13,958.00	69.79	14,027.79
06/01/2021	13,958.00	13,958.00	34.90	13,992.90
	1,116,645.00	1,116,645.00	113,060.05	1,229,705.05

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

CITY OF BLUEFIELD

BOND ORDINANCE

TABLE OF CONTENTS

ARTICLE I 1

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS 1
Section 1.01. Authority for this Ordinance. 1
Section 1.02. Findings. 1
Section 1.03. Bond Legislation Constitutes Contract. 3
Section 1.04. Definitions. 3

ARTICLE II 11

AUTHORIZATION OF CONSTRUCTION OF THE PROJECT 11
Section 2.01. Authorization of Construction of the Project. 11

ARTICLE III 12

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT 12
Section 3.01. Authorization of Bonds. 12
Section 3.02. Terms of the Bonds. 12
Section 3.03. Execution of Bonds. 13
Section 3.04. Authentication and Registration. 13
Section 3.05. Negotiability, Transfer and Registration. 13
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. 14
Section 3.07. Bonds not to be Indebtedness of the Issuer. 14
Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 2000 A Bonds to be on Parity with the Prior Bonds. 15
Section 3.09. Delivery of Bonds. 15
Section 3.10. Form of Bonds. 15
Section 3.11. Sale of Bonds; Ratification of Execution of Loan Agreement. 21
Section 3.12. "Amended Schedule A" Filing. 21

ARTICLE IV 21

SYSTEM REVENUES AND APPLICATION THEREOF 21
Section 4.01. Continuation or Establishment of Funds and Accounts with Depository Bank. 21
Section 4.02. Continuation or Establishment of Funds and Accounts with Commission. 21
Section 4.03. System Revenues; Flow of Funds. 22

ARTICLE V 27

BOND PROCEEDS; DISBURSEMENTS 27
Section 5.01. Application of Bond Proceeds; Pledge of 27
Unexpended Bond Proceeds. 27
Section 5.02. Disbursements From the Bond Construction Trust Fund. 27

ARTICLE VI 29

ADDITIONAL COVENANTS OF THE ISSUER 29
Section 6.01. General Covenants of the Issuer. 29
Section 6.02. Bonds not to be Indebtedness of the Issuer. 29
Section 6.03. Bonds Secured by Pledge of Net Revenues. 29
Section 6.04. Initial Schedule of Rates and Charges. 29

Section 6.05. Sale of the System. 29
Section 6.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. 31
Section 6.07. Parity Bonds. 31
Section 6.08. Books and Records. 33
Section 6.09. Rates.34
Section 6.10. Operating Budget. 35
Section 6.11. No Competing Franchise. 36
Section 6.12. Engineering Services and Operating Personnel. 36
Section 6.13. Enforcement of Collections. 36
Section 6.14. No Free Services. 37
Section 6.15. Insurance and Construction Bonds. 37
Section 6.16. Completion of Project. 39
Section 6.17. Tax Covenants. 39
Section 6.18. Mandatory Connections. 40
Section 6.19. Compliance with Loan Agreement and Law. 41
Section 6.20. Contracts; Public Releases. 41

ARTICLE VII 41

INVESTMENT OF FUNDS; NON ARBITRAGE41
Section 7.01. Investments. 41
Section 7.02. Arbitrage. 42
Section 7.03. Small Issuer Exemption from Rebate. 42
Section 7.04. Securities Laws Compliance. 45

ARTICLE VIII 45

DEFAULT AND REMEDIES 45
Section 8.01. Events of Default. 45
Section 8.02. Remedies. 46
Section 8.03. Appointment of Receiver. 46

ARTICLE IX 47

PAYMENT OF BONDS 47
Section 9.01. Payment of Bonds. 47

ARTICLE X 48

MISCELLANEOUS 48
Section 10.01. Amendment or Modification of Bond Legislation.48
Section 10.02. Bond Legislation Constitutes Contract. 48
Section 10.03. Severability of Invalid Provisions. 49
Section 10.04. Headings, Etc. 49
Section 10.05. Conflicting Provisions Repealed. 49
Section 10.06. Covenant of Due Procedure, Etc. 49
Section 10.07. Effective Date. 49
Section 10.08. Statutory Notice and Public Hearing. 49

CITY OF BLUEFIELD

BOND ORDINANCE

AN ORDINANCE AUTHORIZING THE CONSTRUCTION OF CERTAIN IMPROVEMENTS AND BETTERMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM FACILITIES OF THE CITY OF BLUEFIELD, WEST VIRGINIA, AND THE FINANCING OF THE COSTS THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $307,000.00 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A, PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO THE SERIES 2000 A 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 BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

SECTION 1.01. AUTHORITY FOR THIS ORDINANCE.

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

SECTION 1.02. FINDINGS.

It is hereby found, determined and declared that:

A. The City of Bluefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer presently owns and operates a public sanitary sewerage collection and treatment system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain betterments and improvements to the existing sewerage facilities of the Issuer, consisting of replacement of a main interceptor line, including rehabilitation of approximately 8,000 feet of 10-inch interceptors and approximately 3,500 feet of 4-inch collector lines in the Brushfork service area connected with the system (the "Project"), which constitute properties for the collection and treatment of wastewater (the existing sewerage system facilities of the Issuer, the Project and any further

additions thereto or extensions thereof is herein called the "System") at an estimated cost of $307,000.00, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have been approved by the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds and all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewerage System Revenue Bonds, Series 2000 A, in the total aggregate principal amount of not more than $307,000.00 (the "Series 2000 A Bonds"). The proceeds of the Series 2000 A Bonds will used to finance certain costs for the construction of the Project and to pay costs of issuance of the Series 2000 A Bonds . Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 2000 A Bonds prior to and during construction or for a period not exceeding six months after completion of construction of the Project; amounts which may be deposited in the Series 2000 A Bonds Reserve Account; 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 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the 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 Issuer intends to permanently finance such costs of construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority") in connection with West Virginia Water Pollution Control Revolving Fund Program (the "SRF Program"), pursuant to the Act, in order to take advantage of the favorable terms available to the Issuer under the SRF Program.

F. The period of usefulness of the System after completion of the Project is not less than 25 years.

G. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement to be entered into by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of the Environment ("DEP"), in form satisfactory to the Issuer, the Authority and the DEP, as shall be approved herein (the "Loan Agreement").

H. The Series 2000 A Bonds shall be issued on a parity with the Prior Bonds (hereinafter defined) with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2000 A Bonds, the Issuer will obtain (i) the

certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2000 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds , there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the construction and operation of the Project and issuance of the Bonds, or will have so complied prior to issuance of any thereof, including obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia.

J. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2000 A Bonds for the purposes set forth herein.

K. The Project has been approved by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

SECTION 1.03. BOND LEGISLATION CONSTITUTES CONTRACT.

In consideration of the acceptance of the 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 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Series 2000 A 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 duly appointed by the Governing Body.

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

"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 Bond Ordinance and all ordinances, orders and resolutions supplemental hereto or amendatory hereof.

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

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

"Bonds" means, collectively, the Series 2000 A Bonds, the Prior Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk" means the City Clerk of the Issuer.

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 A Bonds for all or a portion of the proceeds of the Series 2000 A Bonds from the Authority.

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

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

"Consulting Engineers" means Appalachian Engineering & Surveying, Inc., Bluefield, 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 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 the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of the Environment.

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

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

"Governing Body" means the Board of Directors, the duly elected governing body of the Issuer, as it may now or hereafter be constituted.

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

"Gross Proceeds" means any proceeds and replacement proceeds of the Series 2000 A Bonds.

"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.

"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.

"Investment" means any investment property as defined in Sections 148 (b) (2) and 148 (b) (3) of the Code and any other tax exempt bond.

"Issuer" means The City of Bluefield, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into among the DEP, the Authority and the Issuer providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means Sale Proceeds, less the portion of those Sale Proceeds invested in a reasonably required reserve or replacement fund under Section 148(d) and as part of a minor portion under Section 148(e) of the Code.

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

"Nonpurpose Investment" means any investment property as defined in Section 148(b).

"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, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the West Virginia Municipal Bond Commission, as paying agent for the Series 2000 A Bonds.

"Prior Bonds" means, collectively, the Series 1992 Bonds, the Series 1995 Bonds, and the Series 1998 A Bonds.

"Prior Ordinances" means, collectively, the ordinance enacted by the Governing Body of the Issuer on June 2, 1992, as amended and supplemented by a Supplemental Resolution adopted June 2, 1992, pursuant to which the Series 1992 Bonds were issued; the ordinance enacted by the Governing Body of the Issuer on June 27, 1995, as amended and supplemented by a Supplemental Resolution adopted August 22, 1995, pursuant to which the Series 1995 Bonds were issued; and the ordinance enacted by the Governing Body of the Issuer on July 14, 1998, as amended and supplemented by a Supplemental Resolution adopted May 11, 1999, pursuant to which the Series 1998 A Bonds were issued.

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

"Project" means the construction of certain improvements and betterments to the Issuer's wastewater collection and treatment facilities of the Issuer, as described in paragraph 1.02B

hereof.

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established and continued by the Prior Ordinances.

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2000 A Bonds and the Prior Bonds.

"Reserve Requirements" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

"Revenue Fund" means the Revenue Fund established and continued by the Prior Ordinances.

"Sale Proceeds" means any amounts actually or constructively received from the sale of the Series 2000 A Bonds, including amounts used to pay underwriters' discount or compensation and accrued interest other than pre-issuance accrued interest.

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

"Series 1992 Bonds" means the Sewerage System Refunding Revenue Bonds, Series 1992, dated June 1, 1992, of the Issuer, issued in the original principal amount of $4,985,000.

"Series 1995 Bonds" means the Sewerage System Refunding Revenue Bonds, Series 1995, dated August 29, 1995, of the Issuer, issued in the original principal amount of $7,945,000.

"Series 1998 A Bonds" means the Sewerage System Revenue Bonds, Series 1998 A, dated May 20, 1999, of the Issuer, issued in the original principal amount of $1,116,645.

"Series 2000 A Bonds" means the not more than $307,000.00 in aggregate principal amount of Sewerage System Revenue Bonds, Series 2000 A, of the Issuer issued pursuant to this Ordinance.

"Series 1992 Bonds Reserve Account" means the Series 1992 Bonds Reserve Account established in the Series 1992 Bonds Sinking Fund pursuant to the Prior Ordinance.

"Series 1995 Bonds Reserve Account" means the Series 1995 Bonds Reserve Account established in the Series 1995 Bonds Sinking Fund pursuant to the Prior Ordinance.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to the Prior Ordinance.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 1992 Bonds Sinking Fund" means the Series 1992 Bonds Sinking Fund established by the Prior Ordinance.

"Series 1995 Bonds Sinking Fund" means the Series 1995 Bonds Sinking Fund established by the Prior Ordinance.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by the Prior Ordinance.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2000 A Bonds and the Prior Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Series 2000 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds, and not so included may be included in another Supplemental Resolution.

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

"System" means the existing sewerage system facilities as expanded by the Project, and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with said sewerage system; and shall 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.

"Yield" means that yield computed under Section 1.148–4 of the Regulations for the Series 2000 A Bonds and yield computed under Section 1.148-5 of the Regulations for an investment.

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 OF THE PROJECT

SECTION 2.01. AUTHORIZATION OF CONSTRUCTION OF THE PROJECT.

There is hereby authorized the construction of the Project in accordance with the plans and specifications prepared by the Consulting Engineers. The Project consists of the replacement of a main interceptor line, including rehabilitation of approximately 8,000 feet of 10-inch interceptors and approximately 3,500 feet of 4-inch collector lines in the Brushfork service area connected with the system. The proceeds of the Bonds hereby authorized shall be applied as provided in Article V hereof.

It is estimated that the Project will cost approximately $307,000.00, which will be obtained from proceeds of the Series 2000 A Bonds. The Issuer hereby approves the costs of the Project as set forth in the Schedule A attached to the certificate of the Consulting Engineer.

The Issuer has received bids and will enter into contracts for the construction of the Project, compatible with the financing plan submitted to the SRF Program.

ARTICLE III

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

SECTION 3.01. AUTHORIZATION OF BONDS.

For the purposes of paying certain Costs of the Project not otherwise provided for, paying certain costs of issuance of the Series 2000 A Bonds and related costs, there shall be issued negotiable Series 2000 A Bonds of the Issuer, in an aggregate principal amount of not more than $307,000.00. Said Series 2000 A Bonds shall be issued as a single bond and designated as "Sewerage System Revenue Bonds, Series 2000 A." The Series 2000 A Bonds shall bear interest at the rate of two percent (2%) per annum. There shall also be payable on the Series

2000 A Bonds a one percent (1%) administrative fee. The Series 2000 A Bonds shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds shall be deposited in the Bond Construction Trust Fund.

SECTION 3.02. TERMS OF THE BONDS.

The Series 2000 A Bonds shall bear interest as set forth above; shall be payable and mature on such dates and in such amounts as set forth in the Schedule Y attached to the Loan Agreement ; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution, or as specifically provided in the Loan Agreement. The Series 2000 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2000 A Bonds shall be paid by check or draft of the Paying Agent mailed to the registered owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 A Bonds shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

SECTION 3.03. EXECUTION OF BONDS.

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

SECTION 3.04. AUTHENTICATION AND REGISTRATION.

No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, 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 cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, 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 cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

SECTION 3.07. BONDS NOT TO BE INDEBTEDNESS OF THE ISSUER.

The Series 2000 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided . No holder or holders of any of the Series 2000 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

SECTION 3.08. BONDS SECURED BY PLEDGE OF NET REVENUES; SERIES 2000 A BONDS TO BE ON PARITY WITH THE PRIOR BONDS.

The payment of the debt service of all the Prior Bonds and Series 2000 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System, which first lien shall be shared prorata among all the Bonds . Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter and in the Prior Ordinance 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. DELIVERY OF BONDS.

The Issuer shall execute and deliver the Series 2000 A Bonds to the Bond Registrar, and the Registrar shall authenticate, register and deliver the Bonds to the original purchasers thereof upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar, on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Bonds to the original purchasers;

C. The unqualified approving opinion of bond counsel on the Bonds;

D. An executed and certified copy of the Bond Legislation; and

E. An executed copy of the Loan Agreement.

SECTION 3.10. FORM OF BONDS.

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

[Form of Series 2000 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWERAGE SYSTEM REVENUE BOND
SERIES 2000 A

No. AR-__ $_____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, beginning _____, as set forth on the "Debt Service Schedule " attached as Exhibit B hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit B.

The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, beginning _____, as shown on Exhibit B attached hereto . Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 Bank One, West Virginia, National Association, 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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated

_____, 2000.

This Bond is issued (i) to pay a portion of the costs of construction of certain improvements and betterments to the existing public sewerage system facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds") and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on June 27, 2000, and July 11, 2000, (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S (1) SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992 DATED JUNE 1, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,985,000 (THE "SERIES 1992 BONDS"), (2) SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1995, DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000, AND (3) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the Prior Bonds, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount required in any year for 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, including the Prior Bonds, so long as the Series 1992 Bonds are outstanding, and thereafter, 115% of such amount; provided however , that when the Series 1992 Bonds are no longer outstanding and so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations

outstanding prior to or on a parity with the Bonds , an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of 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 CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk , and has caused this Bond to be dated July 13, 2000.

[SEAL]

_____

Mayor

ATTEST:

_____

City Manager

_____
City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Bluefield Sewerage System Revenue Bonds, Series 2000 A, described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

_____,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, ___.

_____

In the presence of:

_____

SECTION 3.11. SALE OF BONDS; RATIFICATION OF EXECUTION OF LOAN AGREEMENT.

The Series 2000 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement and the City Clerk 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, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

SECTION 3.12. "AMENDED SCHEDULE A" FILING.

Upon completion of construction of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual

costs of the Project and sources of funding therefor.

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF

SECTION 4.01. CONTINUATION OR ESTABLISHMENT OF FUNDS AND ACCOUNTS WITH DEPOSITORY BANK.

The following special funds or accounts are hereby continued or 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 Fund;

(2) Renewal and Replacement Fund; and

(3) Bond Construction Trust Fund.

SECTION 4.02. CONTINUATION OR ESTABLISHMENT OF FUNDS AND ACCOUNTS WITH COMMISSION.

The following special funds or accounts are hereby continued or established with the Commission:

(1) Series 1992 Bonds Sinking Fund;

(a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

(2) Series 1995 Bonds Sinking Fund;

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

(3) Series 1998 A Bonds Sinking Fund;

(a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

(4) Series 2000 A Bonds Sinking Fund;

(a) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A 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, pay from the Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Sinking Fund, the Series 1995 Bonds Sinking Fund and the Series 1998 A Bonds Sinking Fund, the respective amounts required by the Prior Ordinance for payment of interest on the Series 1992 Bonds, the Series 1995 Bonds and the Series 1998 A Bonds; and (ii) commencing three months prior to the first date of payment of interest on the Series 2000 A Bonds, for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of interest which will become due on the Series 2000 A Bonds on the next ensuing quarterly interest payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly interest payment date is less than three months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Sinking Fund, the Series 1995 Bonds Sinking Fund and the Series 1998 A Bonds Sinking Fund, the respective amounts required by the Prior Ordinances for payment of principal of the Series 1992 Bonds, the Series 1995 Bonds and the Series 1998 A Bonds; and (ii) commencing three months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, a sum equal to 1/3rd of the amount of principal which will become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than three months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Series 1992 Bonds Reserve Account, the Series 1995 Bonds Reserve Account and the Series 1998 A Bonds Reserve Account, the respective amounts required by the Prior Ordinances to be deposited therein; and (ii) commencing three months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2000 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 A Bonds Reserve Requirement.

(5) 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 2½% of the Gross Revenues each month, exclusive of any payments for account of the Reserve Accounts. 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 Reserve Accounts, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required by hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2000 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2000 A Bonds as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2000 A Bonds, as the same shall come due, when other moneys in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 Bonds Sinking Fund and the Reserve Account therein 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Series 2000 A Bonds Sinking Fund and applied to the next ensuing interest payments due on the Series 2000 A Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 2000 A Bonds Reserve Account which result in a reduction in the balance of the Series 2000 A Bonds Reserve Account to below the Series 2000 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund or into the Series 2000 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2000 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2000 A Bonds in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the

Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at any time, the Issuer shall make the necessary arrangements whereby required payments into said account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments , 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. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 7.01 hereof.

The Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds under the conditions and restrictions set forth herein.

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 the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into such funds during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

F. If on any monthly payment date the revenues are insufficient to place the required amount in any of the funds and accounts as hereinabove provided, the deficiency shall be made

up in the subsequent payments in addition to the payments which would otherwise be required to be made into the funds and accounts on the subsequent payment dates.

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

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

ARTICLE V

BOND PROCEEDS; DISBURSEMENTS

SECTION 5.01. APPLICATION OF BOND PROCEEDS; PLEDGE OF UNEXPENDED BOND PROCEEDS.

From the moneys received from the sale of the Series 2000 A Bonds, the following amounts shall be deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2000 A Bonds Reserve Account.

B. As the Issuer receives advances of the remaining moneys from the sale of the Series 2000 A Bonds, as requisitioned by the Issuer, such moneys shall be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 5.02 hereof and until so expended, are hereby pledged as additional security for the Series 2000 A Bonds.

C. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be expended as approved by the DEP.

SECTION 5.02. DISBURSEMENTS FROM THE BOND CONSTRUCTION TRUST FUND.

On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 5.01 hereof, disbursements from the Bond Construction Trust Fund shall be made only after submission to, and approval from the Authority and DEP of the following:

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

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

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

(B) 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) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is then due and owing, or that Issuer or the Sanitary Board has previously paid such item in connection with the Project is being reimbursed for such payment.

Pending such application, moneys in the Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

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 Series 2000 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the 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 Series 2000 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of 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 2000 A Bonds and the Prior Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the operation of the System. 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 Funds, including the Reserve Accounts 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 Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the rate ordinance of the Issuer duly enacted and currently in effect for the System.

The Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and will take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and in compliance with the requirements of the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer 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 and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

SECTION 6.05. SALE OF THE SYSTEM.

So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances. Additionally, so long as the Series 2000 A Bonds are outstanding and except as otherwise required by law, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding, 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 Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal 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 $25,000, the Sanitary Board 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 $25,000 but not in excess of $50,000, the Sanitary Board shall first, in writing

determine, upon consultation with a professional engineer, 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 $25,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value . Such payment of such proceeds into the Sinking Funds 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 the Bonds then Outstanding . The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

SECTION 6.06. ISSUANCE OF OTHER OBLIGATIONS PAYABLE OUT OF REVENUES AND GENERAL COVENANT AGAINST ENCUMBRANCES.

Except as provided in this Section 6.06, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Bonds may be issued as provided for in Section 6.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity 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 Prior Bonds and the Series 2000 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts have been made and are current at the time of the issuance of such subordinate obligations .

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

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

SECTION 6.07. PARITY BONDS.

So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. In addition, no Parity Bonds,

payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided and with the written consent of the Authority and the DEP.

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 City Clerk 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 three 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 Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the three 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 (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants , which shall be filed in the office of the City Clerk 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 (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Prior Bonds and the Series 2000 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 A Bonds or the Prior 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.

SECTION 6.08. BOOKS AND RECORDS.

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

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

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

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

system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the 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 in compliance with the applicable OMB Circular, or any successor thereof, and the Single Audit Act, or any successor thereof, to the extent legally required and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds and shall submit said report to the Authority and DEP, or any other original purchaser of the Bonds. Such audit report submitted to the Authority and DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Operating Expenses and debt service and reserve requirements.

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

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

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

with respect to the System pursuant to the Act.

SECTION 6.09. RATES.

So long as the Prior Bonds are outstanding, the Issuer shall maintain rates and charges for the use of the System consistent with the requirements of the Prior Ordinances .

Prior to the issuance of the Series 2000 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the City Clerk , which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 120% 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, so long as the Series 1992 Bonds are outstanding and thereafter, 115% of such amount; provided that, when the Series 1992 Bonds are no longer outstanding and in the event an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and 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, subject to any requirements of law, the Issuer shall not reduce the rates and charges for services set forth in the rate ordinance described in the Section 6.04 hereof.

SECTION 6.10. OPERATING BUDGET .

The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer , which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and

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

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. ENGINEERING SERVICES AND OPERATING PERSONNEL.

Prior to the issuance of the Series 2000 A Bonds, Issuer shall provide the Authority a certificate of the Consulting Engineer, substantially in the form as shown on Exhibit D to the Loan Agreement.

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

SECTION 6.13. ENFORCEMENT OF COLLECTIONS.

The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, 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, or, if the waterworks facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

The Issuer further acknowledges that it has a water termination agreement with all entities providing water service in the areas in which the Issuer provides sewer service and will maintain and use such agreement subject to all the rules, regulations and orders of the Public Service Commission.

SECTION 6.14. NO FREE SERVICES.

The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

SECTION 6.15. 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 $100,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the 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.

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

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

The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount at least equal to 100% of the

contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

SECTION 6.16. COMPLETION OF PROJECT.

The Issuer will complete the Project as promptly as possible and operate and maintain the System in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by state and federal laws for the construction of the Project, and all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

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 Series 2000 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2000

A 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 Series 2000 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including those deemed necessary by the Authority) so that the interest on the Series 2000 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions (including those determined by the Authority) which would adversely affect such exclusion.

SECTION 6.18. 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 of West Virginia 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.

SECTION 6.19. COMPLIANCE WITH LOAN AGREEMENT AND LAW.

The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP with copies of all documents submitted to the Authority.

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

SECTION 6.20. CONTRACTS; PUBLIC RELEASES.

The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds or immediately thereafter, enter into written contracts for the immediate construction of the Project.

The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2000 A Bonds held in "contingency" as set forth in the Schedule A attached to the Certificate of Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2000 A Bonds made available due to bid or construction or project underruns.

The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

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 reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the 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 and as long thereafter as necessary to comply with the Code and assure the exclusion of interest on the Series 2000 A Bonds from gross income for federal income tax purposes.

SECTION 7.02. ARBITRAGE.

The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2000 A Bonds which would cause the Series 2000 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 2000 A Bonds) so that the interest on the Series 2000 A 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. SMALL ISSUER EXEMPTION FROM REBATE.

In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that the Series 2000 A Bonds are not private activity bonds as defined in Section 141 of the Code; that 95% or more of the Net Proceeds of the Series 2000 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the tax-exempt bonds (other than private activity bonds as defined in Section 141 of the Code) issued by the Issuer during the calendar year in which the Series 2000 A Bonds are issued are not and will not exceed $5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations promulgated thereunder. For purposes of this Section 7.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this Section 7.03 and Section 148(f)(4)(D) of the Code, be trated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this Section 7.03 and Section 148(f)(4)(D) of the Code to any other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and Regulations from time to time in effect and applicable to the Series 2000 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when

required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority at least 30 days before a rebate payment is due, a certified copy of its rebate calculation or, if the Issuer qualifies for the small issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge which would make the Series 2000 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

SECTION 7.04. SECURITIES LAWS COMPLIANCE.

The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

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 Series 2000 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2000 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, 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; or

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

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 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided however, that all rights and remedies of the Holders of the Series 2000 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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, completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the construction of the Project on behalf of the Issuer with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

ARTICLE IX

PAYMENT OF BONDS

SECTION 9.01. PAYMENT OF BONDS.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Series 2000 A 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 2000 A 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 2000 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2000 A Bonds from gross income for federal income tax purposes.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. AMENDMENT OR MODIFICATION OF BOND LEGISLATION.

Prior to the issuance of the Series 2000 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds, no material modification or amendment of this Ordinance , or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Series 2000 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of

interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of 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 Bonds.

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 ; provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are outstanding.

SECTION 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, City Clerk, City Manager 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 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in Bluefield Daily Telegraph, which is a qualified newspaper of general circulation in The City of Bluefield, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of the abstract 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 13, 2000

Passed on Second Reading - June 27, 2000

Effective Date Following
Public Hearing - July 11, 2000

Paul Cole, Jr.
Mayor

Drema A. Sherman
City Clerk

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWERAGE SYSTEM REVENUE BOND,
SERIES 2000 A

No. AR-1 $307,000

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer 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 THREE HUNDRED SEVEN THOUSAND DOLLARS ($307,000.00), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached hereto as Exhibit A and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing June 1, 2001, as set forth on EXHIBIT B attached hereto.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, 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 by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, dated June 6, 2000.

This Bond is issued (i) to pay the costs of construction of certain improvements and betterments to the existing public sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance hereof and related costs. The existing public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on June 27, 2000, and July 11, 2000 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH THE ISSUER'S (1) SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1992, DATED JUNE 1, 1992, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $4,985,000 (THE "SERIES 1992 BONDS"), (2) SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1995,

DATED AUGUST 29, 1995, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $7,945,000, AND (3) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A, DATED MAY 20, 1999, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 WITH RESPECT TO LIENS, PLEDGE AND SOURCES OF AND SECURITY FOR PAYMENT (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a first lien pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the holders of the Prior Bonds, moneys in the Reserve Account created under the Bond Legislation for this Bond (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of this Bond. 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 120% of the maximum amount required in any year for principal of and interest, if any, on the Series 2000 A Bonds and the Prior Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2000 A Bonds and the Prior Bonds, so long as the Series 1992 Bonds are outstanding, and thereafter, 115% of such amount; provided however, that when the Series 1992 Bonds are no longer outstanding and so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Series 2000 A Bonds in the then current or any succeeding year, and in the respective reserve accounts established for and any other obligations outstanding on a parity with the Series 2000 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is

issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor and the City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated July 13, 2000.

[SEAL]

SPECIMEN

Mayor

SPECIMEN

City Manager

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of The City of Bluefield Sewerage System Revenue Bonds, Series 2000 described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: July 13, 2000.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATION
as Registrar

By Lorna L. Mullins
Its Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

Amount	Date
1936,852	7/13/00

Exhibit B

City of Bluefield (West Virginia)

Loan of $307,000

20 Years, 0% Interest Rate, 1% Administrative Fee

Closing Date: July 13, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2000	-	-	-
12/01/2000	-	-	-
3/01/2001	-	-	-
6/01/2001	3,838.00	-	3,838.00
9/01/2001	3,838.00	-	3,838.00
12/01/2001	3,838.00	-	3,838.00
3/01/2002	3,838.00	-	3,838.00
6/01/2002	3,838.00	-	3,838.00
9/01/2002	3,838.00	-	3,838.00
12/01/2002	3,838.00	-	3,838.00
3/01/2003	3,838.00	-	3,838.00
6/01/2003	3,838.00	-	3,838.00
9/01/2003	3,838.00	-	3,838.00
12/01/2003	3,838.00	-	3,838.00
3/01/2004	3,838.00	-	3,838.00
6/01/2004	3,838.00	-	3,838.00
9/01/2004	3,838.00	-	3,838.00
12/01/2004	3,838.00	-	3,838.00
3/01/2005	3,838.00	-	3,838.00
6/01/2005	3,838.00	-	3,838.00
9/01/2005	3,838.00	-	3,838.00
12/01/2005	3,838.00	-	3,838.00
3/01/2006	3,838.00	-	3,838.00
6/01/2006	3,838.00	-	3,838.00
9/01/2006	3,838.00	-	3,838.00
12/01/2006	3,838.00	-	3,838.00
3/01/2007	3,838.00	-	3,838.00
6/01/2007	3,838.00	-	3,838.00
9/01/2007	3,838.00	-	3,838.00
12/01/2007	3,838.00	-	3,838.00
3/01/2008	3,838.00	-	3,838.00
6/01/2008	3,838.00	-	3,838.00
9/01/2008	3,838.00	-	3,838.00
12/01/2008	3,838.00	-	3,838.00
3/01/2009	3,838.00	-	3,838.00
6/01/2009	3,838.00	-	3,838.00
9/01/2009	3,838.00	-	3,838.00
12/01/2009	3,838.00	-	3,838.00
3/01/2010	3,838.00	-	3,838.00
6/01/2010	3,838.00	-	3,838.00
9/01/2010	3,838.00	-	3,838.00
12/01/2010	3,838.00	-	3,838.00
3/01/2011	3,838.00	-	3,838.00
6/01/2011	3,837.00	-	3,837.00
9/01/2011	3,837.00	-	3,837.00
12/01/2011	3,837.00	-	3,837.00

Acceptance of Depository Bank

Opinion of Counsel

Certificate as to Use of Proceeds

Engineer's Certificate

Issuer's General Certificate

Direction to Authenticate and Deliver Bonds

City of Bluefield (West Virginia)

Loan of $307,000
20 Years, 0% Interest Rate, 1% Administrative Fee
Closing Date: July 13, 2000

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2012	3,837.00	-	3,837.00
6/01/2012	3,837.00	-	3,837.00
9/01/2012	3,837.00	-	3,837.00
12/01/2012	3,837.00	-	3,837.00
3/01/2013	3,837.00	-	3,837.00
6/01/2013	3,837.00	-	3,837.00
9/01/2013	3,837.00	-	3,837.00
12/01/2013	3,837.00	-	3,837.00
3/01/2014	3,837.00	-	3,837.00
6/01/2014	3,837.00	-	3,837.00
9/01/2014	3,837.00	-	3,837.00
12/01/2014	3,837.00	-	3,837.00
3/01/2015	3,837.00	-	3,837.00
6/01/2015	3,837.00	-	3,837.00
9/01/2015	3,837.00	-	3,837.00
12/01/2015	3,837.00	-	3,837.00
3/01/2016	3,837.00	-	3,837.00
6/01/2016	3,837.00	-	3,837.00
9/01/2016	3,837.00	-	3,837.00
12/01/2016	3,837.00	-	3,837.00
3/01/2017	3,837.00	-	3,837.00
6/01/2017	3,837.00	-	3,837.00
9/01/2017	3,837.00	-	3,837.00
12/01/2017	3,837.00	-	3,837.00
3/01/2018	3,837.00	-	3,837.00
6/01/2018	3,837.00	-	3,837.00
9/01/2018	3,837.00	-	3,837.00
12/01/2018	3,837.00	-	3,837.00
3/01/2019	3,837.00	-	3,837.00
6/01/2019	3,837.00	-	3,837.00
9/01/2019	3,837.00	-	3,837.00
12/01/2019	3,837.00	-	3,837.00
3/01/2020	3,837.00	-	3,837.00
6/01/2020	3,837.00	-	3,837.00
9/01/2020	3,837.00	-	3,837.00
12/01/2020	3,837.00	-	3,837.00
3/01/2021	3,837.00	-	3,837.00
Total	307,000.00	-	307,000.00 *

*Plus $388.53 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $31,082.40.

Acceptance of Depository Bank

Certificate as to Use of Proceeds

Engineer's Certificate

Issuer's General Certificate

Direction to Authenticate and Deliver Bonds

VAUGHAN LAW FIRM
Attorneys and Counsellors at Law
SUITE 200 CAPITOL CENTRE
232 CAPITOL STREET
CHARLESTON, WEST VIRGINIA 25301

TELEPHONE (304) 342-3900
TELECOPY (304) 344-2386

R. VAUGHAN, JR.
OBERTSON BOUGHTON

July 13, 2000

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

The City of Bluefield
P. O. Box 998
Bluefield, WV 24701

Re: $307,000 The City of Bluefield
Sewerage System Revenue Bonds, Series 2000 A

Ladies and Gentlemen:

We are Bond Counsel to The City of Bluefield (the "City"), a municipal corporation created under the laws of the State of West Virginia in connection with the issuance of its $307,000 Sewerage System Revenue Bonds, Series 2000 A, dated the date hereof (the "Series 2000 A Bonds").

We have examined a certified copy of proceedings and other papers relating to the authorization of (i) a loan agreement dated June 6, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement") among the City, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") and (ii) the issuance of the Series 2000 A Bonds, pursuant to an Ordinance enacted by the City on June 27, 2000, effective on July 11, 2000, as amended and supplemented by a Supplemental Resolution adopted on July 11, 2000 (collectively, the "Ordinance"). All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Ordinance and the Loan Agreement when used herein.

The Series 2000 A Bonds are issued in the aggregate principal amount of $307,000.00, in the form of one bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year,

Opinion of Counsel to Acceptance of Depository Bank

Opinion of Vaughan Law Certificate as to Use of Proceeds

Engineer's Certificate

Issuer's General Certificate

Direction to Authenticate and Deliver Bonds

beginning June 1, 2001, all as set forth in the Series 2000 A Bonds. The Series 2000 A Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Ordinance and the Loan Agreement.

The Series 2000 A Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13 and Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), for the purposes of (i) paying the costs of the construction of certain improvements and betterments to the existing public sewerage system of the City (the "Project"); (ii) funding a reserve account for the Series 2000 A Bonds; and (iii) paying the costs of issuance thereof.

We have also examined the applicable provisions of the Act and the Ordinance, pursuant to and under which the Series 2000 A Bonds are issued and the Loan Agreement has been entered into.

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 City and is a valid and binding special obligation of the City enforceable in accordance with its terms.

2. The Loan Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to adversely affect the rights of the Authority or the DEP or diminish the obligations of the City without the consent of the Authority and the DEP.

3. The City is a duly organized and presently existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to operate and maintain the System, to acquire and construct the Project, to enact the Ordinance and to issue and sell the Series 2000 A Bonds, all under the Ordinance, the Act and other applicable provisions of law.

4. The City has legally and effectively enacted the Ordinance and all other necessary actions and certifications in connection with the issuance and sale of the Series 2000 A Bonds. The Ordinance contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement and constitute a valid and binding obligation of the City enforceable in accordance with its terms.

5. The Series 2000 A Bonds are valid and legally enforceable special obligations of the City, payable from the Net Revenues of the System referred to in the Ordinance and secured by a first lien on and pledge of the Net Revenues of said System, on a parity with respect to liens, pledge and source of and security for payment with the City's Sewerage System Refunding Revenue Bonds, Series 1992, Sewerage System Refunding Revenue Bonds, Series 1995, and the Sewerage System Revenue Bonds, Series 1998 A, all in accordance with the terms of the Series 2000 A Bonds, the Ordinance and the Act and have been duly authorized, issued, executed and delivered to the Authority.

6. The City has reserved the right to issue additional bonds ranking on a parity with the Series 2000 A Bonds, as provided in the Ordinance.

7. The Series 2000 A Bonds and the interest, if any, thereon are, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

The rights of the owners of the Series 2000 A Bonds and the enforceability of the Series 2000 A Bonds and the Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights heretofore or hereafter enacted to the extent constitutionally applicable, and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Series 2000 A Bond numbered AR-1, and in our opinion, the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

Vaughan Law Firm

VAUGHAN LAW FIRM

THE CITY OF BLUEFIELD
(WEST VIRGINIA)

$3,160,000
SEWER REFUNDING REVENUE BONDS,
SERIES 2004

BOND ORDINANCE

THE CITY OF BLUEFIELD
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS,
SERIES 2004

BOND ORDINANCE

Table of Contents

RECITALS		1
	ARTICLE I DEFINITIONS; STATUTORY AUTHORITY; FINDINGS	
Section 1.01	Definitions	4
Section 1.02	Authority for this Ordinance	12
Section 1.03	Findings	12
Section 1.04	Ordinance Constitutes Contract	14
	ARTICLE II AUTHORIZATION OF REFUNDING	
Section 2.01	Authorization of Refunding	15
	ARTICLE III THE BONDS	
Section 3.01	Form and Payment of Bonds	16
Section 3.02	Execution of Bonds	16
Section 3.03	Authentication and Registration	17
Section 3.04	Negotiability and Registration	17
Section 3.05	Bonds Mutilated, Destroyed, Stolen or Lost	18
Section 3.06	Term Bonds	18
Section 3.07	Notice of Repair and Replacement	20
Section 3.08	Persons Treated as Owners	21
Section 3.09	Temporary Bonds	21
Section 3.10	Authorization of Series 2004 Bonds	21
Section 3.11	Book Entry System for Series 2004 Bonds	22
Section 3.12	Delivery of Series 2004 Bonds	23
Section 3.13	Form of Series 2004 Bonds	24
Section 3.14	Disposition of Proceeds of Series 2004 Bonds	24

Section 3.15	Designation of Bonds as "Qualified Tax-Exempt Obligations"	25

ARTICLE IV
SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	26
Section 4.02	Establishment of Funds and Accounts with Bond Commission	26
Section 4.03	System Revenues and Application Thereof	27

ARTICLE V
INVESTMENTS; NON-ARBITRAGE;
REBATES AND CONTINUING DISCLOSURE AGREEMENT

Section 5.01	Investments	32
Section 5.02	Arbitrage	33
Section 5.03	Tax Certificate, Rebates and Rebate Fund	33
Section 5.04	Continuing Disclosure Agreement	34

ARTICLE VI
ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01	Covenants Binding and Irrevocable	35
Section 6.02	Bonds not to be Indebtedness of the Issuer	35
Section 6.03	Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	34
Section 6.04	Rates	35
Section 6.05	Operation and Maintenance	35
Section 6.06	Sale of the System	35
Section 6.07	Issuance of Other Obligations Payable Out of Net Revenues and General Covenant Against Encumbrances	36
Section 6.08	Additional Parity Bonds	37
Section 6.09	Insurance and Bonds	39
Section 6.10	Reserved	40
Section 6.11	No Free Services	40
Section 6.12	Enforcement of Collections	40
Section 6.13	No Competing Franchise	41
Section 6.14	Books and Records	41
Section 6.15	Operating Budget	42
Section 6.16	Tax Covenants	42
Section 6.17	Covenants Regarding the Municipal Bond Insurance Policy	43

ARTICLE VII
DEFAULTS AND REMEDIES

Section 7.01	Events of Default	44
Section 7.02	Enforcement	44
Section 7.03	Appointment of Receiver	45
Section 7.04	Restoration of Issuer and Bondholder	46

ARTICLE VIII
REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01	Appointment of Registrar, Paying Agent and Depository Bank	47
Section 8.02	Responsibilities of Fiduciaries	47
Section 8.03	Evidence on Which Fiduciaries May Act	47
Section 8.04	Compensation and Expenses	47
Section 8.05	Certain Permitted Acts	47
Section 8.06	Resignation of Registrar	48
Section 8.07	Removal	48
Section 8.08	Appointment of Successor	48
Section 8.09	Transfer of Rights and Property to Successor	49
Section 8.10	Merger or Consolidation	49
Section 8.11	Adoption of Authentication	49
Section 8.12	Paying Agent and Depository Bank	49

ARTICLE IX
DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01	Defeasance; Discharge of Pledge of Ordinance	51

ARTICLE X
MISCELLANEOUS

Section 10.01	Amendment of Ordinance	52
Section 10.02	Evidence of Signatures of Bondholders and Ownership of Bonds	52
Section 10.03	Preservation and Inspection of Documents	53
Section 10.04	Cancellation of Bonds	53
Section 10.05	Failure to Present Bonds	53
Section 10.06	Notices, Demands and Requests	54
Section 10.07	No Personal Liability	55
Section 10.08	Law Applicable	55
Section 10.09	Parties Interested Herein	55
Section 10.10	Severability of Invalid Provisions	55

Section 10.11	Table of Contents and Headings	55
Section 10.12	Conflicting Provisions Repealed	55
Section 10.13	Covenant of Due Procedure, Etc.	55
Section 10.14	Procedure on Enactment of Ordinance; Public Hearing	55
Section 10.15	Effective Date	56
	SIGNATURES	57
	CERTIFICATION	58
	EXHIBIT A - BOND FORM	59

THE CITY OF BLUEFIELD

AN ORDINANCE AUTHORIZING THE REFUNDING OF A PORTION OF THE CITY'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1992; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2004 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,500,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, The City of Bluefield (the "Issuer") presently owns and operates through its Sanitary Board a public municipal sewerage system, which constitute properties for the collection, transportation, treatment, purification and disposal of liquid or solid wastes, sewage or industrial wastes (the "System") and has heretofore financed or refinanced the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds or refunding bonds, of which there are presently outstanding the Sewer Refunding Revenue Bonds, Series 1992, dated June 1, 1992, issued in the original aggregate principal amount of $4,985,000 (the "Series 1992 Bonds"), the Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"), the Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"), and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds");

WHEREAS, the Series 1992 Bonds were issued pursuant to an ordinance of the Issuer enacted by the Board of Directors of the Issuer on June 2, 1992, as supplemented by a supplemental resolution enacted and adopted by the Board of Directors of the Issuer on June 2, 1992 (such ordinance, as so supplemented and amended, herein called the

"Series 1992 Bonds Ordinance"), the Series 1995 Bonds were issued pursuant to an ordinance of the Issuer enacted by the Board of Directors of the Issuer on June 27, 1995, as supplemented by a supplemental resolution enacted and adopted by the Board of Directors of the Issuer on August 22, 1995 (such ordinance, as so supplemented and amended, herein called the "Series 1995 Bonds Ordinance"), the Series 1998 A Bonds were issued pursuant to an ordinance of the Issuer enacted by the Board of Directors of the Issuer on July 14, 1998, as supplemented by a supplemental resolution enacted and adopted by the Board of Directors of the Issuer on May 11, 1999 (such ordinance, as so supplemented and amended, herein called the "Series 1998 A Bonds Ordinance"), and the Series 2000 A Bonds were issued pursuant to an ordinance of the Issuer enacted by the Board of Directors of the Issuer on July 11, 2000, as supplemented by a supplemental resolution enacted and adopted by the Board of Directors on July 11, 2000 (such ordinance, as so supplemented and amended, herein called the "Series 2000 A Bonds Ordinance" and together with the Series 1992 Ordinance, the Series 1995 Ordinance and the Series 1998 A Ordinance, herein collectively called the "Prior Ordinances");

WHEREAS, the Series 1992 Bonds were issued as two term bonds, one in the original aggregate principal amount of $2,185,000, maturing July 1, 2008 (the "2008 Term Bond"), and one in the original aggregate principal amount of $2,800,000, maturing July 1, 2017 (the "2017 Term Bond");

WHEREAS, under the provisions of Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), the Issuer is authorized to issue refunding revenue bonds to refund, pay or discharge all or any part of its outstanding revenue bonds;

WHEREAS, the Issuer has determined and hereby determines that it is in the best interest of the residents of The City of Bluefield and other users of the System to currently refund the 2017 Term Bond, in order to achieve interest cost savings (the "Refunding"), but to leave outstanding the 2008 Term Bond, thus effecting the refunding of a portion of the Series 1992 Bonds;

WHEREAS, the Issuer is advised that present value interest savings will be realized as a result of the Refunding;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents and other users of the System, to currently refund the 2017 Term Bond to its first redemption date, being January 1, 2005, in the manner set forth herein with proceeds of the issuance of a series of bonds to be designated "The City of Bluefield Sewer Refunding Revenue Bonds, Series 2004" (the "Series 2004

Bonds"), in the maximum aggregate principal amount of $3,500,000, and other moneys of the Issuer, such Series 2004 Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System, on a parity with the Issuer's outstanding 2008 Term Bond, Series 1995 Bonds, Series 1998 A Bonds and Series 2000 A Bonds, and containing such other terms and provisions as are hereinafter provided;

WHEREAS, the Issuer now desires to authorize the Refunding as aforesaid, and to provide for the financing thereof by the issuance of the Series 2004 Bonds as hereinafter provided.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Ordinance and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended and in effect on the date of delivery of the Series 2004 Bonds.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer.

"Authorized Officer" means the Mayor or City Manager of the Issuer, or the Executive Director of the Sanitary Board, or any other officer of the Issuer specifically designated by resolution of the Board of Directors of the Issuer.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds, appointed by the Issuer or the Sanitary Board, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on the Bonds, and with respect to the Series 2004 Bonds, shall mean the Bond Insurer designated in the Supplemental Resolution.

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

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

"Bonds" means, collectively, the Series 2004 Bonds, the Series 2000 A Bonds, the Series 1998 A Bonds, the Series 1995 Bonds and the 2008 Term Bond, and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

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

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2004 Bonds, in substantially the form set forth in EXHIBIT A hereto.

"City" or "Issuer" means the The City of Bluefield, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County thereof, and, unless the context clearly indicates otherwise, includes the Governing Body and the Sanitary Board of the Issuer and any other commission, board or department established by the Issuer to operate and maintain the System.

"City Clerk" or "Clerk" means the City Clerk of the Issuer.

"City Manager" means the current City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2004 Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or "Costs of the Refunding" or similar terms, means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the 2017 Term Bond, including payment of redemption premiums, if any, and accrued interest thereon; amounts which may be deposited in the Reserve Account; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to the Refunding, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, fiscal agent fees and expenses, underwriter's discount, initial fees for the

services of registrars, paying agents, depositories, trustees or escrow trustees, or other costs in connection with the sale of the Series 2004 Bonds and refunding of the 2017 Term Bond and such other expenses as may be necessary or incidental to the financing herein authorized, 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 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Refunding.

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

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

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

"DTC" means The Depository Trust Company, New York, New York or its successor.

"DTC-eligible" means, with respect to the Series 2004 Bonds, meeting the qualifications prescribed by DTC.

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

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

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

"Governing Body" means the Board of Directors of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Board of Directors, as it may now or hereafter be constituted.

"Government Obligations" means certificates or interest-bearing notes or obligations of the United States, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest.

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

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

"Maximum Annual Debt Service" means, at the time of computation, the greatest amount of Debt Service required to be paid on the Bonds for the then current or any succeeding Fiscal Year, assuming that the principal of any Term Bonds is deemed due on the earlier of their stated maturity date or the date on which they are required to be redeemed pursuant to mandatory sinking fund redemption.

"Mayor" means the current Mayor of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 2004 Bonds, insuring the payment of the principal of and interest on all or any of the Series 2004 Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from investment of proceeds of the Series 2004 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses," unless qualified, means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses (other than those capitalized as part of the costs of any project relating to the acquisition or construction of additions, betterments or improvements for the System), supplies, labor, wages, the cost of materials and supplies used for current operations, fees and

expenses of fiscal agents and of the Depository Bank, Registrar and Paying Agent or Paying Agents, 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 2017 Term Bond or the Bonds, charges for depreciation, losses from the sale or other disposition of or any decrease in the value of capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Ordinance" regardless of whether preceded by the article "the" or "this," means this Ordinance, as it may hereafter from time to time be amended or supplemented, by ordinance or by resolution.

"Original Purchaser" means Crews & Associates, Inc., Charleston, West Virginia, as the purchaser of the Series 2004 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2004 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2004 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2004 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Board of Directors at the time of approval of such sale of said Series 2004 Bonds.

"Outstanding," when used with reference to Bonds or the 2017 Term Bond and as of any particular date, describes all Bonds, including the 2017 Term Bond, theretofore and thereupon being issued and delivered except (a) any Bond or Prior Bond canceled by the registrar for such Bond or Prior Bond at or prior to said date; (b) any Bond or Prior Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Ordinance and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as such Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission and any other paying agent for the Bonds which may be appointed by a resolution supplemental hereto, all in accordance with Section 8.12 hereof.

"Prepayment Agent" means the prepayment agent under the Prepayment Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

"Prepayment Agreement" means the agreement to be entered into between the Issuer and the Bond Commission, providing for the defeasance and ultimate payment of the 2017 Term Bond, the deposit therein of proceeds of the Series 2004 Bonds, the disposition of moneys in the various funds and accounts under the Series 1992 Bonds Ordinance and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Prepayment Fund" means the Prepayment Fund established pursuant to the Prepayment Agreement.

"Prior Bonds" shall mean collectively, the Series 1992 Bonds consisting of the 2008 Term Bond, the Series 1995 Bonds, the Series 1998 A Bonds, and the Series 2000 A Bonds.

"Prior Ordinances" shall have the meaning set forth in the recitals hereto.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

"Qualified Investments" means and includes the investments set forth in the Supplemental Resolution and designated as such.

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

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

"Redemption Account" means the Redemption Account created in the Series 2004 Bonds Sinking Fund by Section 4.02 hereof.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of redemption published or mailed in accordance herewith.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Refunding" means the defeasance and redemption on January 1, 2005, of the 2017 Term Bond, the funding of the Reserve Account for the Series 2004 Bonds and the payment of costs of issuance of the Series 2004 Bonds and other costs relating to the refunding of the 2017 Term Bond.

"Registered Owner," "Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Registrar" means the bank to be designated in the Supplemental Resolution as the registrar for the Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

"Repair and Replacement Fund" means the Repair and Replacement Fund continued by Section 4.01 hereof.

"Reserve Accounts" means, collectively, the respective Reserve Accounts created for the Series 2004 Bonds and the Prior Bonds.

"Reserve Account Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2004 Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund continued by Section 4.01 hereof.

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

"Series 1992 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1992, dated June 1, 1992, issued in the original aggregate principal amount of $4,985,000, and comprised of the 2008 Term Bond and the 2017 Term Bond (as hereinafter defined).

"Series 1995 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000.

"Series 1998 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645.

"Series 2000 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000.

"Series 2004 Bonds" means the Sewer Refunding Revenue Bonds, Series 2004, of the Issuer, originally authorized to be issued pursuant to this Ordinance and the Supplemental Resolution.

"Series 2004 Reserve Account" means the Series 2004 Bonds Reserve Account established in the Series 2004 Bonds Sinking Fund pursuant to Section 4.01 hereof.

"Series 2004 Reserve Account Requirement" means, as of any date of calculation, Maximum Annual Debt Service for the Series 2004 Bonds.

"Series 2004 Sinking Fund" means the Series 2004 Bonds Sinking Fund established by Section 4.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds created for the Series 2004 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any ordinance or resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following enactment of this Ordinance, setting forth the final amounts, maturities, interest rates and other terms of the Series 2004 Bonds and authorizing the sale of the Series 2004 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Ordinance to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Repair and Replacement Fund.

"System" means the complete existing public municipal sewerage system of the Issuer, including the lands, properties and easements owned by or through the Sanitary Board of Bluefield, Incorporated, a Virginia corporation, for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever, both within and without the Issuer.

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

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

"2008 Term Bond" means the portion of the Series 1992 Bonds maturing July 1, 2008, and issued in the original aggregate principal amount of $2,185,000.

"2017 Term Bond" means the portion of the Series 1992 Bonds maturing July 1, 2017, and issued in the original aggregate principal amount of $2,800,000.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa.

Additional terms and phrases are defined in this Ordinance as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

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

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

Section 1.02. Authority for this Ordinance. This Ordinance is enacted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Board of Directors hereby finds and determines as follows:

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

B. The Issuer now owns and operates, through the Sanitary Board, the System, the acquisition and construction of which has been financed or refinanced in part by the proceeds of the Prior Bonds and other bonds which have either been refunded and defeased by the Prior Bonds or otherwise, or are no longer Outstanding.

C. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds. Except for such pledge thereof to secure and pay the Prior Bonds, said revenues are not pledged or encumbered in any manner. Upon issuance of the Series 2004 Bonds and funding of the Prepayment Fund, a portion of the Prior Bonds, consisting of the 2017 Term Bond, will be defeased and the Series 2004 Bonds will be secured by a first lien on the Net Revenues, on a parity with the Prior Bonds, including the 2008 Term Bond which was issued as part of the Series 1992 Bonds and which is not being currently refunded.

D. The Issuer intends to issue the Series 2004 Bonds and to pledge for payment thereof, the Net Revenues of the System.

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding and defeasance of the 2017 Term Bond, to provide for the repair, maintenance and operation of the System, the payment of interest upon all bonds issued pursuant to the Act and to create a sinking fund, as hereinafter provided, to pay the principal thereof as and when it becomes due and reasonable reserves therefor, to provide an adequate Repair and Replacement Fund, as hereinafter provided, and to make all other payments provided for in this Ordinance.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2004 Bonds presented to the Issuer by the Original Purchaser, the Series 2004 Bonds show a net present value savings to the Issuer after deducting all expenses of the Refunding and the costs of issuing the Series 2004 Bonds.

G. The Issuer shall not sell the Series 2004 Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F, above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2004 Bonds, and the Issuer shall not issue the Series 2004 Bonds without having obtained from an independent certified public accountant a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2004 Bonds and the net interest cost in dollars of the 2017 Term Bond.

H. Subject to the determination and certification required by paragraph G, above, it is in the best interest of the Issuer, and the inhabitants thereof, that the Issuer issue the Series 2004 Bonds and secure the Series 2004 Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys in the Series 2004 Bonds Reserve Account, unexpended proceeds of the Series 2004 Bonds and as further set forth herein.

I. The Series 2004 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Ordinance or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

J. All things necessary to make the Series 2004 Bonds, when authenticated by the Registrar and issued as in this Ordinance provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2004 Bonds, will be timely done and duly performed.

K. The enactment of this Ordinance, and the execution and issuance of the Series 2004 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Ordinance Constitutes Contract. In consideration of the acceptance of the Bonds by those who shall own or hold the same from time to time, this Ordinance 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 legal Holders of any and all of such Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. The 2017 Term Bond Outstanding as of the date of issuance of the Series 2004 Bonds in the aggregate principal amount of $2,800,000 is hereby ordered to be refunded pursuant to the terms of the Prepayment Agreement, and the pledge of Net Revenues in favor of the Holders of such 2017 Term Bond imposed by the Series 1992 Bonds Ordinance, the moneys in the funds and accounts created by the Series 1992 Bonds Ordinance for the payment of the 2017 Term Bond and any other funds pledged by the Series 1992 Bonds Ordinance to payment of the 2017 Term Bond are hereby ordered terminated, discharged and released upon the payment into the Prepayment Fund from the proceeds of the Series 2004 Bonds, together with other moneys available therefor, of the following: (a) if required by the Prepayment Agreement, an amount equal to the fiscal and paying agent charges and any other charges to become due and payable in connection with the 2017 Term Bond and (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on such 2017 Term Bond as the same become due, to the first date upon which the entire aggregate amount of the 2017 Term Bond may be redeemed, being January 1, 2005, all as set forth in the Prepayment Agreement. Contemporaneously with the deposit of such Series 2004 Bond proceeds into the Prepayment Agreement, the amounts on deposit in the sinking fund, including the reserve account therein, and all other funds and accounts created and maintained on behalf of the 2017 Term Bond shall be deposited in the Prepayment Fund, the Series 2004 Bonds Reserve Account or such other fund or account as shall be set forth in the Prepayment Agreement, and invested as provided in the Prepayment Agreement.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Ordinance except as provided in this Article III. Any Bonds issued pursuant to this Ordinance after the issuance of the Series 2004 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in a Supplemental Resolution). All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $1,000,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

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

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

and sealed on behalf of the City by such person as at the actual time of the execution of such Bonds shall hold the proper office in the City, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Ordinance unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A attached hereto and incorporated herein by reference with respect to the Series 2004 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Ordinance. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

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

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the

Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

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

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

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Ordinance, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Redemption Account in accordance with Subsection 4.03(A)(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 13 months prior to the first mandatory redemption date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as

of the next ensuing mandatory redemption date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

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

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

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

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the redemption date (interest to be paid from the Sinking Fund), as will exhaust as nearly as practicable such Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory redemption date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser, and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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

(1) The Redemption Date,

(2) The Redemption Price,

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

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

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

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

Prior to any redemption date, the Issuer shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount

of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

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

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and (except as provided in Section 6.18) for all other purposes, whether or not such Bond is overdue.

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

Section 3.10. Authorization of Series 2004 Bonds. For the purposes of refunding a portion of the Outstanding Series 1992 Bonds of the Issuer (consisting of the 2017 Term Bond), funding the Series 2004 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2004 Bonds of the Issuer, in an aggregate principal amount of not more than $3,500,000. Said Series 2004 Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2004" and shall be issued in fully registered form, in denominations of $5,000 or any integral multiple thereof for any year of maturity (or such other denominations as may be set forth in the Supplemental Resolution), not exceeding the aggregate principal amount of Series 2004 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2004 Bonds shall be numbered from R-1 consecutively upward. The Series 2004 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Series 2004 Bonds. The Series 2004 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of Series 2004 Bonds of each maturity, and shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything herein to the contrary contained, so long as the Series 2004 Bonds are so issued and registered, DTC (or its nominee) shall be treated as the sole Registered Owner for all purposes hereunder. Each Bond shall bear a legend substantially to the following effect "Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this certificate is presented by an authorized representative of DTC, to the Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein."

With respect to Series 2004 Bonds registered in the records of the Registrar in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent shall have no responsibility or obligation to any other participant in DTC or to any Person on behalf of whom such a participant in DTC holds a beneficial interest in the Series 2004 Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any other participant in DTC with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any notice with respect to any Series 2004 Bonds, including without limitation any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any other participant in DTC or any other Person, other than a Registered Owner, as shown in the records of the Registrar, of any amount with respect to principal of, premium, if any, or interest on, any Bond, or (iv) any consent given by DTC as Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent shall be entitled to treat and consider the Person in whose name each Bond is registered in the records of the Registrar as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event which would or could give rise to a sale or purchase right or option with respect to any Bond for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Issuer and Paying Agent shall pay all principal of, premium, if any, and interest on the Series 2004 Bonds and the purchase price of any Bond only to or upon the order of the respective Registered Owners, as shown in the records of the Registrar as provided in this Ordinance, or their respective attorneys or legal representatives duly

authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of, premium, if any, and interest on the Series 2004 Bonds to the extent of the sum or sums so paid. No Person other than a Registered Owner, as shown in the records of the Registrar, shall receive a Bond certificate evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance.

The Registered Owners have no right to a depository for the Series 2004 Bonds. The Issuer may remove DTC or any successor thereto for any reason at any time. In such event or in the event DTC shall notify the Issuer that DTC is discontinuing its book-entry system for the Series 2004 Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository or (ii) notify DTC of the availability through the DTC of Bond certificates and transfer one or more separate Bond certificates to other participants or beneficial owners as DTC may direct. In such event, the Series 2004 Bonds shall no longer be restricted to being registered in the records of the Registrar in the name of Cede & Co., as nominee, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names other participants in DTC receiving Series 2004 Bonds shall designate, in accordance with the provisions of this Ordinance. The provisions of this Section applicable to DTC shall apply, mutatis mutandis, to any successor depository performing the same functions hereunder as DTC.

The Issuer represents hereby that it has executed a Letter of Representations, the terms of which are applicable to the issuance of the Series 2004 Bonds hereunder. Such Letter of Representations is for the purpose of effectuating the Book-Entry Only System only and shall not be deemed to amend, supersede or supplement the terms of this Ordinance which are intended to be complete without reference to the Letter of Representations. In the event of any conflict between the terms of the Letter of Representations and the terms of this Ordinance, the terms of this Ordinance shall control. DTC may exercise the rights of a Registered Owner hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

Section 3.12. Delivery of Series 2004 Bonds. The Issuer shall execute and deliver the Series 2004 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2004 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) If not registered in the name of DTC or its nominee, a list of the names in which the Series 2004 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 Bonds to DTC for the benefit of the Original Purchaser;

(C) Copies of this Ordinance and the Supplemental Resolution certified by the Clerk;

(D) The unqualified approving opinion of Bond Counsel regarding the Series 2004 Bonds; and

(E) A copy of such other documents and certificates as the Original Purchaser may reasonably require.

Section 3.13. Form of Series 2004 Bonds. The definitive Series 2004 Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2004 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2004 Bonds shall have the form of the opinion of Steptoe & Johnson PLLC, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Series 2004 Bonds. Upon the issuance and delivery of the Series 2004 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on Series 2004 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2004 Bonds Sinking Fund and applied to payment of interest on the Series 2004 Bonds at the first interest payment date.

B. The amount of Series 2004 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon and all moneys in the funds and accounts created by the Series 1992 Bonds Ordinance for the payment of the 2017 Term, shall be sufficient to accomplish the refunding and defeasance of the portion of the Series 1992 Bonds consisting of the 2017 Term Bond, which amount shall be set forth in the Prepayment Agreement, shall be deposited in the Prepayment Fund.

C. The amount of Series 2004 Bond Proceeds which, together with other moneys of the Issuer dedicated to such purpose, is equal to the Series 2004 Bonds Reserve Account Requirement shall be remitted to the Bond Commission for deposit in the Series 2004 Bonds Reserve Account, provided that, to the extent the Series 2004 Bonds Reserve Account Requirement is satisfied in whole or in part from proceeds of any fund or account established pursuant to the Prior Ordinances for the applicable series of Bonds, Series 2004 Bond Proceeds shall be deposited in the Series 2004 Bonds Reserve Account only

to the extent needed to satisfy the balance of the Series 2004 Bonds Reserve Account Requirement.

D. The balance of the proceeds of the Series 2004 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2004 Bonds and miscellaneous costs of refunding the 2017 Term Bond at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Ordinance, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 90 days of the Closing Date, such unapplied proceeds shall be transferred by the Issuer and deposited in the Series 2004 Bonds Sinking Fund established in Section 4.02 hereof and applied to the next ensuing payment of interest on the Series 2004 Bonds. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2004 Bonds from which such proceeds are derived.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2004 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2004 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2004 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2004.

ARTICLE IV

SYSTEM REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are created with (or continued if created by the Prior Ordinances), and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, (except as set forth in this Section 4.01) and used solely for the purposes provided herein:

(1) Revenue Fund (created by the Prior Ordinances);

(2) Repair and Replacement Fund (created by the Prior Ordinances);

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Moneys in such Funds and Subaccounts may be commingled and aggregated by the Depository Bank if so directed by the Issuer, for purposes of investment of such funds, but separate accounting shall be maintained for each such fund.

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

(1) Series 1992 Bonds Sinking Fund (created by the Series 1992 Bonds Ordinance);

(a) Within the Series 1992 Bonds Sinking Fund, the Series 1992 Bonds Reserve Account.

(2) Series 1995 Bonds Sinking Fund (created by the Series 1995 Bonds Ordinance);

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

(3) Series 1998 A Bonds Sinking Fund (created by the Series 1998 A Bonds Ordinance);

(a) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

(4) Series 2000 A Bonds Sinking Fund;

(a) Within the Series 2000 A Bonds Sinking Fund, the Series 2004 A Bonds Reserve Account.

(5) Series 2004 Bonds Sinking Fund;

(a) Within the Series 2004 Bonds Sinking Fund, the Series 2004 Bonds Reserve Account; and

(b) Within the Series 2004 Bonds Sinking Fund, the Series 2004 Bonds Redemption Account.

(6) Prepayment Fund.

In addition to the foregoing funds and accounts established or continued in this Section 4.02 and Section 4.01, the Issuer may establish such other funds and accounts as it may deem appropriate for any particular series of Bonds by provision therefor in a Supplemental Resolution.

Section 4.03. System Revenues and Application Thereof. So long as any of the Series 2004 Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited by the Issuer in the Revenue Fund. The Revenue Fund 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. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

(1) The Issuer shall first, each month, pay from the Revenue Fund the current Operating Expenses.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Sinking Funds of the Prior Bonds, the amounts required by the Prior Ordinances to pay the interest on and principal of the Prior Bonds; (ii) commencing 7 months prior to the first interest payment date of the Series 2004 Bonds, for deposit in the Series 2004 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2004 Bonds on the next ensuing semiannual interest payment date;

provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 Bonds Sinking Fund and the next ensuing semiannual interest payment date is more or less than 7 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date; provided further that, the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2004 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2004 Bonds deposited therein; and (iii) commencing 13 months prior to the first principal payment date or mandatory Redemption Date of the Series 2004 Bonds, for deposit in the Series 2004 Bonds Sinking Fund and in the Series 2004 Bonds Redemption Account therein in the case of the Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2004 Bonds on the next ensuing annual principal payment date or mandatory Redemption Date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 Bonds Sinking Fund and the next ensuing annual principal payment date or mandatory Redemption Date is more or less than 13 months, then such monthly payments shall be decreased or increased proportionately to provide, 1 month prior to the next ensuing annual principal payment date or mandatory Redemption Date, the required amount of principal coming due on such date.

Moneys in the Series 2004 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2004 Bonds, whether by maturity or redemption prior to maturity and, with respect to the Series 2004 Bonds Reserve Account therein, any amounts necessary to fund such Reserve Account to maintain the Series 2004 Bonds Reserve Account Requirement. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2004 Bonds Sinking Fund when the aggregate amount of funds therein, including the Series 2004 Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2004 Bonds then Outstanding, plus the amount of interest due or thereafter to become due on such Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2004 Bonds are issued, provision shall be made for additional deposits into the Series 2004 Bonds Reserve Account sufficient to maintain the Series 2004 Bonds Reserve Account Requirement in accordance with the provisions hereof.

The payments into the Series 2004 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding Business Day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Ordinance.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Reserve Accounts of the Prior Bonds, the amount required by the Prior Ordinances; and (ii) for deposit in the Series 2004 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2004 Bonds Reserve Account below the Series 2004 Bonds Reserve Requirement or any withdrawal from the Series 2004 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2004 Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2004 Bonds Reserve Account is less than the Series 2004 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2004 Bonds Reserve Account for deposit into the Series 2004 Bonds Sinking Fund. To the extent Gross Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2004 Bonds Reserve Account to an amount equal to the Series 2004 Bonds Reserve Requirement to the full extent that such Gross Revenues are available; provided however, that if the shortfall in the Series 2004 Bonds Reserve Account is due to a decrease in value of investments therein, such shortfall shall be replenished by not less than 6 equal monthly payments, and if such shortfall is due to a withdrawal from the Series 2004 Bonds Reserve Account, such shortfall shall be replenished by not less than 12 equal monthly payments, and provided further, that no payments shall be required to be made into the Series 2004 Bonds Reserve Account whenever and as long as the amount on deposit therein shall be equal to the Series 2004 Bonds Reserve Requirement.

Amounts in the Series 2004 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2004 Bonds when due, when amounts in the Series 2004 Bonds Sinking Fund are insufficient therefor and for no other purpose.

(4) The Issuer shall next, from the moneys remaining in the Revenue Fund, on the first day of each month, transfer to the Repair and Replacement Fund a sum equal to not less than 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Ordinances and not in addition thereto), exclusive of any payments for account of any Reserve Account. No further

payments shall be required to be made into the Repair and Replacement Fund when there shall have been deposited therein, as so long as there shall remain on deposit therein, the sum of $500,000.

Withdrawals and disbursements may be made by the Issuer from the Repair and Replacement Fund only for the following purposes and in the following order of priority:

(a) To make up any deficiency in any Reserve Account (so that the amount on deposit therein is at least equal to the applicable Reserve Account Requirement);

(b) For the payment of the principal (including the principal amount to be paid under the mandatory redemption schedules) of or interest on the Bonds, but only in the event that at the time of such withdrawal there are not sufficient funds for such purpose in the Sinking Funds (including the Reserve Accounts);

(c) For the payment of the reasonable costs of land and depreciable renewals, repairs, extensions, improvements and additions to the System;

(d) Upon resolution of the Board of Directors, moneys in the Repair and Replacement Fund in excess of $500,000 may be transferred by the Issuer to the respective redemption account and used for optional redemption or for purchase of Bonds. In the event of purchase of Bonds, the Issuer may direct the purchase of Bonds offered for sale at the lowest price below the redemption price of such Bonds.

(5) If on any monthly payment date the revenues of the System are insufficient to make the required deposits in any of the funds as hereinabove provided, the deficiency shall be made up on the next ensuing payment dates by payments in addition to the payments which are otherwise required to be made into the funds on such ensuing payment dates.

(6) The Issuer may next, each month, after making the above required transfers of moneys from the Revenue Fund, apply any remaining revenues ("Surplus Revenues") to payment of debt service on subordinate bonds, notes, certificates or other obligations of the System. Any Surplus Revenues then remaining in the Revenue Fund may be used for any lawful purpose of the System.

B. The Bond Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created or continued hereunder, and all amounts required for said Sinking Funds shall be remitted to the Bond Commission from said Revenue Fund and from the proceeds of the sale of the Bonds, by the Issuer at the times and as otherwise provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited. Notwithstanding the foregoing, however, the Bond Commission shall deposit all remittances in the fund or account in the priority established by this Ordinance.

C. If on any monthly payment date the Net 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.

D. Principal and interest payments, and any payments made for the purpose of funding the Reserve Accounts, shall be made on a parity basis and pro-rata, with respect to the Prior Bonds, the Series 2004 Bonds and any parity Bonds hereinafter issued, in accordance with the respective principal amounts of each such Series of Bonds then Outstanding, if less than the full amount required hereby.

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES AND CONTINUING DISCLOSURE AGREEMENT

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

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

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

(A) Qualified Investments acquired for the Repair and Replacement Fund or any Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 3 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to semiannually transfer from each Reserve Account to the corresponding Sinking Fund any earnings on the moneys deposited therein and any other funds in excess of the applicable Reserve Account Requirement; provided, however, that there shall at all times remain on deposit in each Reserve Account an amount at least equal to the applicable Reserve Account Requirement.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from a Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts

on deposit in a Reserve Account shall, at any time, be less than the applicable Reserve Requirement, the applicable Bond Insurer, if any, shall be notified immediately of such deficiency, and such deficiency shall be made up from the first available Gross Revenues after required deposits to the applicable Sinking Fund and otherwise in accordance with Section 4.03(3).

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

(E) Notwithstanding the foregoing, all moneys deposited in any Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the Code of West Virginia, 1931, as amended.

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

Section 5.03. Tax Certificate, Rebates and Rebate Fund. 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 any series of Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2004 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Ordinance.

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, the Issuer or the Board 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 in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, 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. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and 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.

Section 5.04. Continuing Disclosure Agreement. The Issuer shall deliver a continuing disclosure agreement or certificate in form acceptable to the Original Purchaser sufficient to ensure compliance with SEC Rule 15c2-12, as it may be amended from time to time.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Ordinance shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2004 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Ordinance, the Issuer hereby covenants and agrees with the Holders of the Series 2004 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2004 Bonds or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account therein and the unexpended proceeds of the Series 2004 Bonds, all as herein provided. No Holder or Holders of the Series 2004 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of all of the Series 2004 Bonds issued hereunder shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Outstanding Prior Bonds and all moneys in the Series 2004 Bonds Sinking Fund, including the Series 2004 Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Outstanding Prior Bonds and the Series 2004 Bonds and to make the payments into all funds and accounts and all other payments provided for in this Ordinance, are hereby irrevocably pledged in the manner provided in this Ordinance to the payment of the principal of and interest on the Outstanding Prior Bonds and the Series 2004 Bonds as the same become due and for the other purposes provided in this Ordinance.

Section 6.04. Rates. Prior to the issuance of the Series 2004 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 120% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year and all payments required into all funds and accounts of the Bonds for as long as the Series 1992 Bonds are Outstanding, and thereafter, 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets. In any event, the Issuer shall not reduce the rates or charges of the System set forth in the rate ordinance enacted by the Issuer on June 10, 2003.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Net Revenues of said System in the manner provided in this Ordinance.

Section 6.06. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System except as provided in the Prior Ordinances. The System may be sold, mortgaged, leased or otherwise disposed of only as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to defease the pledge created by this Ordinance as provided by Section 9.01. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to the Bond Commission for deposit in the Sinking Fund, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor is not in excess of

$10,000, the Issuer shall, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Revenue Fund. If the amount to be received from such sale, lease or other disposition of said property shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and the Issuer may then, if it be so advised, by resolution duly adopted, approve and concur in such finding and authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be deposited by the Issuer into the Repair and Replacement Fund. Such payments of such proceeds into the Repair and Replacement Fund or the Repair and Replacement Account shall reduce the amounts required to be paid into said funds by other provisions of this Ordinance.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $50,000 and insufficient to defease the pledge created by this Ordinance, as provided by Section 9.01, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, payable from the Net Revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the revenues of the System, except such additional Bonds, shall contain an express statement that such obligations are junior and subordinate as to lien on and source of and security for payment from such revenues and in all other respects to the Bonds.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest thereon in this Ordinance or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. No additional Parity Bonds, as in this section

defined, payable out of the Net Revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No such Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk of the Issuer 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 12 consecutive months in the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Series 1992 Bonds are Outstanding, not be less than 120%, and thereafter shall be not 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of Consulting Engineers, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the preceding Fiscal Year hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, and filed with the Clerk of the Issuer, on account of increased rates, rentals,

fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Ordinance, payable from the Net Revenues of the System on a parity with the Series 2004 Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2004 Bonds and the Holders of any additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinance. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

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

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

Section 6.09. Insurance and Bonds. The Issuer hereby covenants and agrees, that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the greater of the fair appraised value or the original cost thereof. In the time of war the Issuer will also carry and maintain insurance to the extent available against risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Repair and Replacement Fund and used only for the repairs and restoration of the damaged and destroyed properties or for the other purposes provided herein for the Repair and Replacement Fund.

B. 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer and employee of the Issuer or the Board of Directors having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

Section 6.10. Reserved.

Section 6.11. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by its System; and, in the event the Issuer or any department, agency, instrumentality, officer or employee thereof shall avail himself of the facilities or services provided by the System or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or

employee. Such charges shall be paid as they accrue, and the Issuer shall transfer from its general funds sufficient sums to pay such charges for service to any of its departments or properties. The revenues so received shall be deemed to be revenues derived from the operation of the System and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, if not paid, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System to all delinquent users of services and facilities of the System and will not restore such services of the System until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid.

Section 6.13. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of any franchise or permit to any person, firm, corporation or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.14. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds shall have the right at all reasonable times to inspect the System, and all parts thereof, and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping

records as prescribed by the Issuer. The Issuer shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 120 days following the end of each Fiscal Year containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, a monthly unaudited report within 30 days following the end of each month containing the following:

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

(B) A statement of account balances in the Sinking Fund accounts provided for in this Ordinance and status of said funds.

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

Section 6.15. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by its charter or the charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated expenditures for operation and maintenance of the System during the succeeding Fiscal Year. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Original Purchaser and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.16. 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) 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 System, or if the Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan 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 directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

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

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

Section 6.17. Covenants Regarding the Municipal Bond Insurance Policy. The Issuer intends to obtain a Municipal Bond Insurance Policy for the Series 2004 Bonds from the Bond Insurer. Certain additional covenants of the Issuer, which shall be set forth in full in the Supplemental Resolution, are required by the Bond Insurer as a condition to insuring the Series 2004 Bonds, shall apply to the Series 2004 Bonds and any other Bonds

which may be insured by the Bond Insurer, and shall be controlling in the event any other provisions of this Ordinance may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2004 Bonds:

(A) If default by the Issuer occurs in the due and punctual payment of the principal of or interest on any Bond;

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

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

(D) If the Issuer defaults on the Prior Bonds or the Prior Ordinances.

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

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

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

(C) Bring suit upon the Bonds;

(D) By action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Bondholders; and

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

No remedy by the terms of this Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute.

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

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

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

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

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

Such receiver, in the performance of the powers hereinabove conferred upon him, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby and a successor receiver appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and

decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

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

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

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

ARTICLE VIII

REGISTRAR, PAYING AGENT AND DEPOSITORY BANK

Section 8.01. Appointment of Registrar, Paying Agent and Depository Bank. The Registrar, Paying Agent and Depository Bank (collectively, the "Fiduciaries") for the Series 2004 Bonds shall be appointed pursuant to the Supplemental Resolution. The City Manager of the Issuer is hereby authorized and directed to enter into an agreement with the Fiduciaries, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Fiduciaries. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Fiduciaries shall not be responsible for their accuracy. The Fiduciaries shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Bonds. The Fiduciaries and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Ordinance and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

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

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

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

not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Ordinance by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

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

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

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

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

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

Section 8.12. Paying Agent and Depository Bank. The Registrar shall also serve as the Paying Agent and Depository Bank. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trusts and the duties of Paying Agent and Depository Bank. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Ordinance. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

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

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

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

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

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

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF ORDINANCE

Section 9.01. Defeasance; Discharge of Pledge of Ordinance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Ordinance, then this Ordinance and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied.

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

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Ordinance. This Ordinance and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, solely for the purpose of maintaining the tax-exempt status of the Bonds, provided that, in the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of the applicable Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Ordinance, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Bonds then Outstanding and affected thereby and the Bond Insurer, which must be filed with the Clerk of the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Bond without the express written consent of the Holder of such Bond, nor reduce the percentage of Bonds required for consent to any such modification or amendment.

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

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

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an

assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

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

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

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

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

Section 10.05. Failure to Present Bonds. Anything in this Ordinance to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

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

CITY

The City of Bluefield
Post Office Box 4100
Bluefield, West Virginia 24701
Attention: City Manager

REGISTRAR AND PAYING AGENT

[Name and address
to be set forth in the
Supplemental Resolution]

DEPOSITORY BANK

[Name and address
to be set forth in the
Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Post Office Box 2764 (25330)
Charleston, West Virginia 25301
Attention: Vice President

BOND INSURER

[Name and address
to be set forth in the
Supplemental Resolution]

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

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

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

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

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

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

Section 10.12. Conflicting Provisions Repealed. All ordinances, orders, resolutions or parts thereof in conflict with the provisions of this Ordinance, are, to the extent of such conflict, hereby repealed, provided however, that the Prior Ordinances shall remain in full force and effect so long as any of the Prior Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Ordinance do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Mayor, City Clerk and members of the Board of Directors were at all times when any actions in connection with this Ordinance occurred and are duly in office and duly qualified for such office.

Section 10.14. Procedure on Enactment of Ordinance; Public Hearing. Upon adoption of this Ordinance, the Clerk is hereby authorized and directed to have an abstract of this Ordinance, which abstract has been determined by the Board of Directors of the Issuer to contain sufficient information to give notice of the contents of such Ordinance,

published once each week for 2 successive weeks, with not less than six full days between each publication, the first such publication to be not less than 10 days before the date stated below for the public hearing, in the Bluefield Daily Telegraph , a newspaper published and having a general circulation in The City of Bluefield, together with a notice to all persons concerned, stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Bonds described in this Ordinance and that any person interested may appear before the Board of Directors of the Issuer at the public hearing to be had at a public meeting of the Board of Directors on November 17, 2004, at 6:00 p.m., in the meeting room of the Board of Directors in the City Hall of The City of Bluefield and present protests, and that a certified copy of this Ordinance is on file with the Clerk for review by interested parties during the office hours of the Clerk. At such hearing all protests and suggestions shall be heard by the Board of Directors and it shall then take such action as it shall deem proper in the premises.

First Reading:	October 26, 2004
Second Reading:	November 3, 2004
Passed on Final Reading Following Public Hearing:	November 17, 2004

Section 10.14. Effective Date. This Ordinance shall take effect immediately upon enactment.

Enacted this 17th day of November, 2004.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of an Ordinance duly enacted by the Board of Directors of THE CITY OF BLUEFIELD at a regular meeting of the Board of Directors held at 1:30 p.m., on November 17, 2004, pursuant to proper notice, at which meeting a quorum was present and acting throughout, and which Ordinance was enacted following a public hearing thereon, notice of which public hearing was published once a week for two successive weeks in a newspaper having a general circulation in The City of Bluefield, the first publication having been not less than 10 days prior to such public hearing.

Dated this 1st day of December, 2004.

[SEAL]

Drema L. Sherman
City Clerk

EXHIBIT A - BOND FORM

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest

Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 20____ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "The City of Bluefield Sewer Refunding Revenue Bonds, Series 2004" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 2004, the proceeds of which are to be used, together with other funds of the Issuer (i) to refund a portion of The City of Bluefield Sewer Refunding Revenue Bonds, Series 1992, consisting of the term bond with a maturity date of July 1, 2017, currently outstanding in the aggregate principal amount of $2,800,000 (the "2017 Term Bond"), which 2017 Term Bond was issued as part of the Series 1992 Bonds to refinance the cost of construction of certain additions, betterments and improvements to the public municipal sewerage system of the Issuer; (ii) to fund a reserve account for the Series 2004 Bonds and (iii) to pay certain costs of issuance of the Series 2004 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Board of Directors of the Issuer on _____, 2004, and supplemented by a supplemental resolution adopted by said Board of Directors on _____, 2004 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such

bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Bluefield, West Virginia.

[The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by [Name of Bond Insurer].

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

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the Issuer and by lot within a maturity, at the following redemption prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

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

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1992, DATED JUNE 1, 1992, CONSISTING OF A TERM BOND MATURING JULY 1, 2008 IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,185,000 (THE "2008 TERM BOND"), SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS"), SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS"), AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS" AND TOGETHER WITH THE 2008 TERM BOND, THE SERIES 1995 BONDS, THE SERIES 1998 A BONDS, HEREIN COLLECTIVELY CALLED THE "PRIOR BONDS").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute a corporate indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to leave a balance each year equal to at least 120% of the maximum amount payable in any year for 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, including the Prior Bonds. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay costs to refund the 2017 Term Bond, fund a reserve account for

the Bonds and pay all costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

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

[SEAL]

(Manual or Facsimile Signature)
Mayor

(Manual or Facsimile Signature)
City Manager

ATTEST:

(Manual or Facsimile Signature)
City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

STATEMENT OF INSURANCE

[Language to be Provided by Bond Insurer]

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____
_____

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

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

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

10/26/04
079810.00001

THE CITY OF BLUEFIELD
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2004

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION ESTABLISHING AMOUNT, MATURITIES, INTEREST RATES, PRICES, REDEMPTION PROVISIONS AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 2004, OF THE CITY; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A CONTINUING DISCLOSURE CERTIFICATE, A REGISTRAR AGREEMENT, A PREPAYMENT AGREEMENT, AN OFFICIAL STATEMENT AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A PREPAYMENT AGENT, REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, The City of Bluefield (the "Issuer"), in the County of Mercer, State of West Virginia, is a municipal corporation of said State, the governing body of which is this Board of Directors;

WHEREAS, this Board of Directors duly enacted on November 17, 2004, an ordinance (the "Ordinance") entitled:

AN ORDINANCE AUTHORIZING THE REFUNDING OF A PORTION OF THE CITY'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1992; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2004 OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $3,500,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE CITY, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH;

PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, such Ordinance provided for the issuance of The City of Bluefield Sewer Refunding Revenue Bonds, Series 2004 (the "Series 2004 Bonds"), in an aggregate principal amount not to exceed $3,500,000, for the purposes of currently refunding a portion of the Issuer's Sewer Refunding Revenue Bonds, Series 1992, dated June 1, 1992, consisting of a term bond maturing on July 1, 2017 (such portion herein called the "Refunded Series 1992 Bonds"), funding the Series 2004 Bonds Reserve Account, and paying costs of issuance of the Series 2004 Bonds and other costs relating to such refunding, all in accordance with the Act (as defined in the Ordinance);

WHEREAS, the Ordinance further provided that the exact principal amount of the Series 2004 Bonds to be sold and the dates, maturities, interest rates, redemption provisions, prices and other terms of the Series 2004 Bonds should be established, that a Bond Insurer, a Prepayment Agent, Registrar, Paying Agent and Depository Bank be designated, that a Prepayment Agreement and a Registrar Agreement be approved, and that other matters pertaining to the Series 2004 Bonds be provided for by a supplemental resolution of this Board upon receipt of a Bond Purchase Agreement acceptable to this Board;

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

WHEREAS, the Series 2004 Bonds are proposed to be purchased by Crews and Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement by and among the Original Purchaser and the Issuer (the "Bond Purchase Agreement");

WHEREAS, the Issuer has not obtained a commitment for Municipal Bond Insurance for the Series 2004 Bonds and has determined that the Series 2004 Bonds shall not be insured;

WHEREAS, this Board wishes to approve the final terms of the Series 2004 Bonds, including the exact principal amount, interest rates, redemption provisions, maturities, purchase price and other terms of the Series 2004 Bonds and to delegate to the Mayor the authority to approve, within the parameters set forth herein and in the Ordinance, the final terms and provisions of all documents relating to the Series 2004 Bonds (the "Bond Documents"), without the requirement of further official action by this Board; and

WHEREAS, this Board deems it essential and desirable that this Supplemental Resolution be adopted and that the Bond Purchase Agreement, the Continuing Disclosure Certificate, the Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2004 Bonds, hereinafter described, be approved, that the exact principal amount, the prices, the maturity dates and amounts, the redemption provisions and the interest rates of the Series 2004 Bonds, be fixed hereby in the manner stated herein, and that other matters relating to the Series 2004 Bonds be herein provided for, all in accordance with said Ordinance;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE CITY OF BLUEFIELD HEREBY RESOLVES:

Section 1. Pursuant to the Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2004 Bonds. The Series 2004 Bonds shall be dated December 1, 2004, upon original issuance, shall be issued in the aggregate principal amount of $3,175,000, shall bear interest and prices with interest payable semiannually on such dates and shall have such redemption provisions and other terms as are in EXHIBIT A - SERIES 2004 BOND TERMS, attached hereto and incorporated by reference herein. All other provisions relating to the Series 2004 Bonds shall be as provided in the Ordinance, and the Series 2004 Bonds shall be in substantially the form provided in the Ordinance.

Section 2. Section 6.04 of the Ordinance shall be deleted in its entirety and replaced with the following:

> Section 6.04. Rates. Prior to the issuance of the Series 2004 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Clerk of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to

pay Operating Expenses and to make the prescribed payments into the funds and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, 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 or schedules of rates or charges from time to time in effect shall be sufficient to produce Net Revenues equal to not less than 120% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year and all payments required into all funds and accounts of the Bonds for as long as the Series 1992 Bonds are Outstanding, and thereafter, 115% of the Maximum Annual Debt Service on the Bonds in any Fiscal Year. All such rates and charges, if not paid when due, shall constitute a lien upon the premises served by the System. For purposes of this test, the terms "Gross Revenues" and "Net Revenues" shall not include proceeds from the sale of capital assets. In any event, the Issuer shall not reduce the rates or charges of the System set forth in the rate ordinance enacted by the Issuer on June 10, 2003.

Section 3. Section 6.08 of the Ordinance shall be deleted in its entirety and replaced with the following:

Section 6.08. Additional Parity Bonds. So long as the Prior Bonds are Outstanding, the limitations and requirements on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. No additional Parity Bonds, as in this section defined, payable out of the Net Revenues of the System shall be issued after the issuance of any Bonds pursuant to this Ordinance, except under the conditions and in the manner herein provided.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction of additions, betterments or improvements to the System, refunding all or a portion of one or more series of Bonds issued pursuant hereto, to pay claims which may exist against the revenues or facilities of the System or all of such purposes.

No such Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Clerk of the Issuer 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 12 consecutive

months in the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, shall, so long as any of the Series 1992 Bonds are Outstanding, not be less than 120%, and thereafter shall be not 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 expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of Consulting Engineers, which shall be filed in the office of the Clerk of the Issuer prior to the issuance of such Parity Bonds.

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

The term "Parity Bonds," as used in this section, shall be deemed to mean additional Bonds issued under the provisions and within the limitations of this section and the Prior Ordinance, payable from the Net Revenues of the System on a parity with the Series 2004 Bonds, and all the covenants and other provisions of this Ordinance (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of

the Holders of the Series 2004 Bonds and the Holders of any additional Parity Bonds theretofore or subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinance. All the Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Net Revenues of the System, and their source of and security for payment from said Net Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Ordinance required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Ordinance.

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

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

Section 4. The Bond Purchase Agreement between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor of the Bond Purchase Agreement on behalf of the Issuer are hereby authorized, approved, and directed. The Mayor or the City Manager shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the Mayor or the City Manager. Execution of the Bond Purchase Agreement by the Mayor or the City Manager shall be conclusive evidence of any approval required by this Section and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2004 Bonds, including the

payment of all necessary fees and expenses in connection therewith. The price of the Series 2004 Bonds shall be as set forth in the Bond Purchase Agreement.

Section 5. The Continuing Disclosure Certificate of the Issuer, to be dated as of the date of delivery of the Series 2004 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor or the City Manager thereof shall be and the same is hereby authorized, approved and directed. The Mayor or the City Manager shall execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by the Mayor or the City Manager. Execution of the Continuing Disclosure Certificate by the Mayor or the City Manager shall be conclusive evidence of any approval required by this Section.

Section 6. The Prepayment Agreement by and between the Issuer and the West Virginia Municipal Bond Commission as Prepayment Agent, to be dated as of the date of delivery of the Series 2004 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Mayor or the City Manager thereof shall be and the same are hereby authorized, approved and directed. The Mayor or the City Manager shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Mayor or the City Manager. Execution of the Prepayment Agreement by the Mayor or the City Manager shall be conclusive evidence of any approval required by this Section.

Section 7. The Official Statement, to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Mayor or the City Manager), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Mayor or the City Manager shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Mayor or the City Manager. The execution of the Official Statement by the Mayor or the City Manager shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Mayor or the City Manager is hereby ratified and approved.

Section 8. The Registrar Agreement to be dated as of the date of delivery of the Series 2004 Bonds, by and between the Issuer and the Registrar designated herein, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Mayor or the City Manager shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the City Manager. The execution of the Registrar Agreement by the Mayor or the City Manager shall be conclusive evidence of any approval required by this Section.

Section 9. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacities of Prepayment Agent and Paying Agent.

Section 10. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, for the purpose of serving in the capacity of Registrar for the Bonds, and First Century Bank, National Association, Bluefield, West Virginia, for the purpose of serving as Depository Bank.

Section 11. The appointment of the law firm of Steptoe & Johnson PLLC, Charleston, West Virginia, as bond counsel to the City in connection with the issuance of the Series 2004 Bonds is hereby ratified and confirmed.

Section 12. The notice addresses for the Registrar, Paying Agent, Depository Bank, Prepayment Agent and Original Purchaser shall be as follows:

REGISTRAR

United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

DEPOSITORY BANK

First Century Bank, National Association
525 Federal Street
Bluefield, West Virginia
Attention: Garnett Little

PREPAYMENT AGENT AND PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street
Suite 500, Terminal Building
Charleston, West Virginia 25301
Attention: Executive Director

Section 13. The Mayor, City Manager and City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2004 Bonds (including, but not limited to a tax certificate and other agreements) to the end that the Series 2004 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 14. Under the provisions of the Act, and as provided in the Ordinance and the Series 2004 Bonds, the Series 2004 Bonds and the interest thereon do not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, but shall be payable solely from the Net Revenues derived from the operation of the System of the Issuer and the Series 2004 Bonds Reserve Account established by the Ordinance, and neither the credit nor the taxing power of the Issuer is pledged for, and no tax shall ever be levied for, payment of the Series 2004 Bonds and the interest thereon.

Section 15. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2004 Bonds, as set forth in EXHIBIT A - SERIES 2004 BOND TERMS, attached hereto, it is hereby determined that the Series 2004 Bonds show a net savings to the Issuer after deducting all expenses of the refunding. Prior to delivery of the Series 2004 Bonds, the Issuer shall have obtained from Sullivan, Ware & Hall, PLLC, or such another independent certified public accountant acceptable to the Mayor, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 2004 Bonds and the net interest cost in dollars of the Refunded Series 1992 Bonds. The Mayor is hereby authorized and directed to employ Sullivan, Ware & Hall, PLLC, or such other independent certified public accountant satisfactory to Bond Counsel, to supply the certification required herein and to take other actions required in connection with the refunding.

Section 16. The Mayor, City Manager, City Clerk and other appropriate officers and employees of the Issuer are hereby authorized and directed to take all further actions necessary to issue the Series 2004 Bonds at the earliest practicable date.

Section 17. The prepayment and refunding of the Refunded Series 1992 Bonds and the financing thereof in part with proceeds of the Series 2004 Bonds will result in present value debt service savings for the Issuer, are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 18. This Resolution shall be effective immediately.

Adopted this 17th day of November, 2004.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Resolution duly adopted by the Board of Directors of THE CITY OF BLUEFIELD at a special meeting of the Board of Directors held at 1:30 p.m., on November 17, 2004, pursuant to proper notice, at which meeting a quorum was present and acting throughout.

Dated this 1st day of December, 2004.

[SEAL]

Drema A. Shireman
City Clerk

11/16/04
079810.00001

EXHIBIT A - SERIES 2004 BOND TERMS

Bond No.	Maturity (July 1)	Amount	Interest Rate	Yield or Price	CUSIP
R-1	2008	$300,000	3.250%	3.249%	096224EQ9
R-2	2009	275,000	3.500	3.499	096224EF3
R-3	2010	280,000	3.700	3.700	096224EG1
R-4	2011	295,000	3.800	3.800	096224EH9
R-5	2012	305,000	3.900	3.900	096224EJ5
R-6	2013	320,000	4.000	4.000	096224EK2
R-7	2014	330,000	4.050	4.050	096224EL0
R-8	2015	340,000	4.100	4.100	096224EM8
R-9	2016	360,000	4.150	4.150	096224EN6
R-10	2017	370,000	4.200	4.200	096224EP1
Total		$3,175,000			

OPTIONAL REDEMPTION

The Bonds maturing on and after July 1, 2010, are subject to redemption prior to maturity, at the option of the Issuer, in whole or in part at any time, in inverse order of maturity, and by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

MANDATORY SINKING FUND REDEMPTION

The Series 2004 Bonds maturing on July 1, 2008 (the "Term Bonds") are subject to mandatory sinking fund redemption by random selection as may be determined by the Paying Agent, at the redemption prices equal to the principal amount thereof (without premium) plus interest accrued to the date fixed for redemption, on the dates and in the amounts set forth below:

$300,000 Series 2004 Bonds Maturing July 1, 2008

Date (July 1)	Principal Amount
2006	$ 25,000
2007	25,000
2008*	250,000

* Final Maturity

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-1 $300,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.250%	July 1, 2008	December 1, 2004	096224EQ9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-2 $275,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.500%	July 1, 2009	December 1, 2004	096224EF3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SEVENTY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above,

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-3 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.700%	July 1, 2010	December 1, 2004	096224EG1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-4 $295,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.800%	July 1, 2011	December 1, 2004	096224EH9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above,

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-5 $305,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.900%	July 1, 2012	December 1, 2004	096224EJ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-6 $320,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.000%	July 1, 2013	December 1, 2004	096224EK2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-7 $330,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.050%	July 1, 2014	December 1, 2004	096224EL0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-8 $340,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.100%	July 1, 2015	December 1, 2004	096224EM8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED FORTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-9 $360,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.150%	July 1, 2016	December 1, 2004	096224EN6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SIXTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

SPECIMEN

Except as otherwise provided in the Ordinance, this global bond may be transferred, in whole but not in part, only to another nominee of DTC (as defined in the Ordinance) or to a successor of DTC or to a nominee of a successor of DTC. Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-10 $370,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD, WEST VIRGINIA
SEWER REFUNDING REVENUE BOND, SERIES 2004

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.200%	July 1, 2017	December 1, 2004	096224EP1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED SEVENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF BLUEFIELD, a municipal corporation organized and existing under the laws of the State of West Virginia (the "City"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the City shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on January 1 and July 1, in each year, beginning July 1, 2005 (each an

"Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Ordinance.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each June 15 and December 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the City maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $1,000,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $3,175,000 designated "The City of Bluefield Sewer Refunding Revenue Bonds, Series 2004" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated December 1, 2004, the proceeds of which are to be used, together with other funds of the Issuer (i) to refund a portion of The City of Bluefield Sewer Refunding Revenue Bonds, Series 1992, consisting of the term bond with a maturity date of July 1, 2017, currently outstanding in the aggregate principal amount of $2,800,000 (the "2017 Term Bond"), which 2017 Term Bond was issued as part of the Series 1992 Bonds to refinance the cost of construction of certain additions, betterments and improvements to the public municipal sewerage system of the Issuer; (ii) to fund a reserve account for the Series 2004 Bonds and (iii) to pay certain costs of issuance of the Series 2004 Bonds and related costs. The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 of the Code of West Virginia, 1931, as amended (the "Act"), and an ordinance duly enacted by the Board of Directors of the Issuer on November 17, 2004, and supplemented by a supplemental resolution adopted by said Board of Directors on November 17, 2004 (hereinafter collectively referred to as the "Ordinance"), and is subject to all the terms and conditions of said Ordinance. The Ordinance provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Ordinance. Reference is hereby made to the Ordinance, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the

Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Ordinance are on file at the office of the City Clerk in The City of Bluefield, West Virginia.

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

(A) Optional Redemption. The Bonds maturing on or after July 1, 2010, at the option of the City, are subject to redemption prior to maturity, in whole or in part at any time, in such order of maturity as shall be designated to the Registrar by the City and by lot within a maturity, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued thereon to the date fixed for redemption.

(B) Mandatory Sinking Fund Redemption. The Bonds maturing July 1, 2008, are subject to mandatory redemption prior to maturity by random selection on July 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing July 1, 2008

Year (July 1)	Principal Amount
2006	$ 25,000
2007	25,000
2008*	250,000

* Final Maturity

If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Repair and Replacement Date,

become due and payable at the redemption price therein specified, and from and after such date (unless the Issuer shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest.

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

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S OUTSTANDING SEWER REFUNDING REVENUE BONDS, SERIES 1992, DATED JUNE 1, 1992, CONSISTING OF A TERM BOND MATURING JULY 1, 2008 IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,185,000 (THE "2008 TERM BOND"), SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS"), SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS"), AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS" AND TOGETHER WITH THE 2008 TERM BOND, THE SERIES 1995 BONDS, THE SERIES 1998 A BONDS, HEREIN COLLECTIVELY CALLED THE "PRIOR BONDS").

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Ordinance) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from moneys in the Series 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account established under the Ordinance, and the unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Ordinance. This Bond does not constitute a corporate indebtedness of the Issuer within any constitutional or statutory provision or limitation, 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 2004 Bonds Sinking Fund and the Series 2004 Bonds Reserve Account and unexpended proceeds of the Bonds. Under the Ordinance, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to produce Net Revenues equal to not less than 120% of the Maximum Annual Debt Service 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, including the Prior Bonds, in any Fiscal

Year for as long as the Series 1992 Bonds are Outstanding, and thereafter, 115% of the Maximum Annual Debt Service 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, including the Prior Bonds, in any Fiscal Year. The Issuer has entered into certain further covenants with the Registered Owners of the Bonds, for the terms of which reference is made to the Ordinance. Remedies provided the Registered Owners of the Bonds are exclusively as provided in the Ordinance, to which reference is here made for a detailed description thereof.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to pay costs to refund the 2017 Term Bond, fund a reserve account for the Bonds and pay all costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the Registered Owners of the Bonds.

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

This Bond, under the provisions of the Act is and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from all taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof.

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

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

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

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

[SEAL]

Mayor

City Manager

SPECIMEN

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION
AND REGISTRATION

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

Dated: December 1, 2004.

UNITED BANK, INC.,
as Registrar

By _____
Its Authorized Officer

SPECIMEN

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

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

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____

to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____

(Bank, Trust Company or Firm)

_____

(Authorized Officer)

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

$3,175,000

City of Bluefield, West Virginia
Sewer Refunding Revenue Bonds
Series 2004 (NR, BQ)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I
07/01/2005	-	-	71,997.92	71,997.92
07/01/2006	25,000.00	3.250%	123,425.00	148,425.00
07/01/2007	25,000.00	3.250%	122,612.50	147,612.50
07/01/2008	250,000.00	3.250%	121,800.00	371,800.00
07/01/2009	275,000.00	3.500%	113,675.00	388,675.00
07/01/2010	280,000.00	3.700%	104,050.00	384,050.00
07/01/2011	295,000.00	3.800%	93,690.00	388,690.00
07/01/2012	305,000.00	3.900%	82,480.00	387,480.00
07/01/2013	320,000.00	4.000%	70,585.00	390,585.00
07/01/2014	330,000.00	4.050%	57,785.00	387,785.00
07/01/2015	340,000.00	4.100%	44,420.00	384,420.00
07/01/2016	360,000.00	4.150%	30,480.00	390,480.00
07/01/2017	370,000.00	4.200%	15,540.00	385,540.00
Total	$3,175,000.00	-	$1,052,540.42	$4,227,540.42

Yield Statistics

Bond Year Dollars	$26,412.08
Average Life	8.319 Years
Average Coupon	3.9850716%
Net Interest Cost (NIC)	4.3457019%
True Interest Cost (TIC)	4.4163732%
Bond Yield for Arbitrage Purposes	3.9742409%
All Inclusive Cost (AIC)	4.6556244%

IRS Form 8038

Net Interest Cost	3.9850716%
Weighted Average Maturity	8.319 Years

THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA SRF PROGRAM) AND
SEWER REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

BOND ORDINANCE

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Ordinance.
Section 1.02 Findings.
Section 1.03 Bond Legislation Constitutes Contract.
Section 1.04 Definitions.

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction of the Project.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01 Authorization of Bonds.
Section 3.02 Terms of Bonds.
Section 3.03 Execution of Bonds.
Section 3.04 Authentication and Registration.
Section 3.05 Negotiability, Transfer and Registration.
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost.
Section 3.07 Bonds not to be Indebtedness of the Issuer.
Section 3.08 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds.

Section 3.09 Delivery of Bonds.
Section 3.10 Form of Bonds.
Section 3.11 Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement.
Section 3.12 "Amended Schedule" Filing.

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank.
Section 5.02 Establishment of Funds and Accounts with Commission.
Section 5.03 System Revenues; Flow of Funds.

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds.
Section 6.02 Disbursements of Bond Proceeds.

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer.
Section 7.02 Bonds not to be Indebtedness of the Issuer.
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds.
Section 7.04 Rates and Charges.
Section 7.05 Sale of the System.
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.
Section 7.07 Parity Bonds.
Section 7.08 Books; Records and Audit.
Section 7.09 Rates.
Section 7.10 Operating Budget and Monthly Financial Report.
Section 7.11 Engineering Services and Operating Personnel.
Section 7.12 No Competing Franchise.
Section 7.13 Enforcement of Collections.

Section 7.14 No Free Services.
Section 7.15 Insurance and Construction Bonds.
Section 7.16 Mandatory Connections.
Section 7.17 Completion and Operation of Project; Permits and Orders.
Section 7.18 Compliance with ARRA Assistance Agreement and Law.
Section 7.19 [RESERVED].
Section 7.20 Securities Laws Compliance.
Section 7.21 Contracts; Change Orders; Public Releases.
Section 7.22 Statutory Mortgage Lien.

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01 Investments.
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds.

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01 Events of Default.
Section 9.02 Remedies.
Section 9.03 Appointment of Receiver.

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Series 2010 A Bonds.
Section 10.02 Payment of Series 2010 B Bonds.

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation.
Section 11.02 Bond Legislation Constitutes Contract.
Section 11.03 Severability of Invalid Provisions.
Section 11.04 Headings, Etc.
Section 11.05 Conflicting Provisions Repealed.
Section 11.06 Covenant of Due Procedure, Etc.
Section 11.07 Statutory Notice and Public Hearing.
Section 11.08 Effective Date.

SIGNATURES
CERTIFICATION
EXHIBIT A

THE CITY OF BLUEFIELD

BOND ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (SRF PROGRAM) AND NOT MORE THAN $3,500,000 IN ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING AN ARRA ASSISTANCE 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 CITY OF BLUEFIELD:

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. The City of Bluefield (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State.

B. The Issuer deems it necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed additions and improvements to its existing public sanitary sewer system consisting of replacement of an existing belt press and aeration system at the Westside Treatment plant and all necessary appurtenances, (the "Project") (the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Clerk of the Issuer.

C. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in the total aggregate principal amount of not more than $3,500,000 in two or more series (collectively, the "Series 2010 Bonds"), initially planned to be (i) the Sewer Revenue Bonds, Series 2010 A (West Virginia SRF Program), in the aggregate principal amount of not more than $3,500,000 (the "Series 2010 A Bonds"); and (ii) the Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of not more than $3,500,000 (the "Series 2010 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor and eligible under the Act; interest, if any, upon the Series 2010 Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined) for the Series 2010 Bonds; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the design, acquisition or construction of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

E. It is in the best interests of the Issuer that its Series 2010 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of an ARRA Assistance Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the Issuer, the Authority, and the DEP (the "ARRA Assistance Agreement"), to be approved hereby if not previously approved by resolution of the Issuer.

F. There are outstanding bonds of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge, source of and security for payment, being the Issuer's: (i) Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000 (the "Series 1995 Bonds"); (ii) Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645 (the "Series 1998 A Bonds"); (iii) Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000 (the "Series 2000 A Bonds"); and (iv) Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000 (the "Series 2004 Bonds") (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2010 Bonds as to liens, pledge, source of and security for payment.

The Series 2010 Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2010 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Series 1995 Bonds, Series 1998 A Bonds and Series 2000 A Bonds to the issuance of the Series 2010 Bonds on a parity with the Series 1995 Bonds, Series 1998 A Bonds and Series 2000 A Bonds. The Series 2004 Bonds do not require consent. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and Prior Ordinance.

G. 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 costs of operation and maintenance of the System, the principal of and interest on the Bonds (as hereinafter defined) and to make all payments into all funds, accounts and other payments provided for herein.

H. The Issuer has complied with all requirements of West Virginia law and the ARRA Assistance Agreement relating to authorization of the acquisition and construction of the Project and the operation of the System and issuance of the Series 2010 Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and, if necessary, the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final

order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 Bonds or such final order will not be subject to appeal.

I. Pursuant to the Act, the Issuer has heretofore established a Sanitary Board, and the Sanitary Board has petitioned the Governing Body to issue the Series 2010 Bonds for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2010 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 2010 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds of the same series, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2010 Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP under the Act.

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

"Board" means the Sanitary Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2010 A Bonds and Series 2010 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer and the Prior Bonds.

"Bond Construction Trust Fund" means the Bond Construction Trust Funds established by Section 5.01 hereof.

"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.

"Clerk" means the Clerk of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2010 Bonds for all or a portion of the proceeds of the Series 2010 Bonds from the Authority and the DEP.

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

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

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

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

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

"DEP" means the West Virginia Department of Environmental Protection, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns, which shall be a member of FDIC.

"Depreciation Account" means the Depreciation Account established by Prior Ordinance.

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

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

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

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

"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 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Issuer" means The City of Bluefield, a municipal corporation and political subdivision of the State of West Virginia, in Mercer County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2010 A Bonds Reserve Account and Series 2010 B Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 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.

"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, if any, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2010 Bonds in the Supplemental Resolution, with the written consent of the Authority and the DEP.

"Prior Bonds" means the Series 1995 Bonds, Series 1998 A Bonds, Series 2000 A Bonds and Series 2004 Bonds.

"Prior Ordinance" means the ordinance of the Issuer, as supplemented, authorizing the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2010 Bonds and the Prior Bonds.

"Reserve Requirement" means collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2010 Bonds, which is to be one year's annual debt service amount.

"Revenue Fund" means the Revenue Fund established by the Prior Ordinance and continued hereby.

"Series 1995 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 1995 (West Virginia SRF Program), dated August 29, 1995, issued in the original aggregate principal amount of $7,945,000.

"Series 1998 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 1998 A (West Virginia SRF Program), dated May 20, 1999, issued in the original aggregate principal amount of $1,116,645.

"Series 2000 A Bonds" means the Issuer's Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated July 13, 2000, issued in the original aggregate principal amount of $307,000.

"Series 2004 Bonds" means the Issuer's Sewer Refunding Revenue Bonds, Series 2004, dated December 1, 2004, issued in the original aggregate principal amount of $3,175,000.

"Series 2010 A Bonds" means Sewer Revenue Bonds, Series 2010 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2010 B Bonds" means Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Bond Legislation.

"Series 2010 B Bonds Reserve Account" means the Series 2010 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2010 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2010 B Bonds in the then current or any succeeding year.

"Series 2010 B Bonds Sinking Fund" means the Series 2010 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2010 Bonds" means, collectively, the Series 2010 A Bonds and Series 2010 B Bonds.

"Series 2010 Bonds Construction Trust Fund" means the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

"SRF Administrative Fee" means any administrative fee, if any, required to be paid pursuant to the ARRA Assistance Agreement.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2010 Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2010 Bonds, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligation of the Issuer, including, without limitation, the Renewal and Replacement Fund and the Reserve Accounts.

"System" means, collectively, the complete existing municipal sewage treatment and collection system of the Issuer, as presently existing in its entirety or any integral part thereof, and shall include the Project and any and all additions, betterments and improvements thereto

hereafter acquired or constructed for the System from any sources whatsoever, both within and without the Issuer.

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

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

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $7,000,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2010 A Bonds and Series 2010 B Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received or will receive bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the DEP.

The cost of the Project is estimated not to exceed $7,000,000, of which up to $3,500,000 will be obtained from the proceeds of the Series 2010 A Bonds and up to $3,500,000 will be obtained from proceeds of the Series 2010 B Bonds.

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of paying a portion of the Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the negotiable Series 2010 Bonds of the Issuer. The Series 2010 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2010 A (West Virginia SRF Program)", in the principal amount of not more than $3,500,000, and "Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA)," in the principal amount of not more than $3,500,000, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 Bonds remaining after funding of the Reserve

Accounts (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Series 2010 Bonds Construction Trust Fund established by Section 5.01 hereof.

Section 3.02. Terms of Bonds. The Series 2010 Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2010 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, if any, on the Series 2010 Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 Bonds shall initially be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2010 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2010 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 Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2010 Bonds shall cease to be such officer of the Issuer before the Series 2010 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2010 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond

Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2010 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the such Bonds.

The registered Series 2010 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2010 Bonds or transferring the registered Series 2010 Bonds are exercised, all Series 2010 Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2010 Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Series 2010 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 any Series 2010 Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2010 Bonds or, in the case of any proposed redemption of Series 2010 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 Series 2010 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2010 Bonds shall not, in any event, be or constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2010 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service on the Series 2010 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2010 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2010 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2010 Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinions of bond counsel on the Series 2010 Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 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:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2010, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____),or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200___, to an including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any

further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (I) SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS"); (II) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS"); (III) SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS"); (IV) SEWER REFUNDING REVENUE BONDS, SERIES 2004, DATED DECEMBER 1, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,175,000 (THE "SERIES 2004 BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (V) SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA), DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, (THE "SERIES 2010 B BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2010 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to

leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2010 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest on of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

(FORM OF SERIES 2010 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2010, that THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____),or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 200___, to an including _____ 1, 20___ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated _____, 2010.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2

of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (I) SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS"); (II) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS"); (III) SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS"); (IV) SEWER REFUNDING REVENUE BONDS, SERIES 2004, DATED DECEMBER 1, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,175,000 (THE "SERIES 2004 BONDS") (COLLECTIVELY, THE "PRIOR BONDS") AND (V) SEWER REVENUE BONDS, SERIES 2010 A BONDS, DATED _____, 2010, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____, (THE "SERIES 2010 A BONDS"), ISSUED SIMULTANEOUSLY HEREWITH.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any

succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest on of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Mayor

ATTEST:

_____
Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of ARRA Assistance Agreement. The Series 2010 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the ARRA Assistance Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the ARRA Assistance Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Clerk is directed to affix the seal of the Issuer, attest the same and deliver the ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Within 60 days following the Completion Date of the Project, the Issuer will file with the Authority and the DEP a schedule, the form of which will be provided by the DEP, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Ordinance);

(2) Renewal and Replacement Fund (established by the Prior Ordinance); and

(3) Series 2010 Bonds Construction Trust Fund.

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

(1) Series 1995 Bonds Sinking Fund (established by the Prior Ordinance);

(2) Series 1995 Bonds Reserve Account (established by the Prior Ordinance);

(3) Series 1998 A Bonds Sinking Fund (established by the Prior Ordinance);

(4) Series 1998 A Bonds Reserve Account (established by the Prior Ordinance);

(5) Series 2000 A Bonds Sinking Fund (established by the Prior Ordinance);

(6) Series 2000 A Bonds Reserve Account (established by the Prior Ordinance);

(7) Series 2004 Bonds Sinking Fund (established by the Prior Ordinance);

(8) Series 2004 Bonds Reserve Account (established by the Prior Ordinance);

(9) Series 2010 A Bonds Sinking Fund;

(10) Series 2010 A Bonds Reserve Account;

(11) Series 2010 B Bonds Sinking Fund; and

(12) Series 2010 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amount

required by the Prior Ordinance to pay interest on the Series 2004 Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission, the amount required by the Prior Ordinance to pay principal on the Prior Bonds; (ii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2010 A Bonds on the next ensuing quarterly principal payment date; and (iii) to the Commission, commencing 4 months prior to the first date of payment of principal of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal, if any, which will mature and become due on the Series 2010 B Bonds on the next ensuing quarterly principal payment date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit (i) to the Commission, commencing 4 months prior to the first date of payment of principal, if required, of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement; and (ii) to the Commission, commencing 4 months prior to the first date of payment of principal, if required, of the Series 2010 B Bonds, if not fully funded upon issuance of the Series 2010 B Bonds, for deposit in the Series 2010 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (as required by the Prior Ordinance and not in addition thereto) for deposit in the Renewal and Replacement Fund, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of

any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

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

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund, the Series 2010 B Bonds Sinking Fund, the Series 2010 A Bonds Reserve Account and the Series 2010 B Bonds 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 Series 2010 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2010 Bonds, if any, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2010 A Bonds Reserve Account or the Series 2010 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the priority as set forth above, all on a pro rata basis.

As and when additional Bonds ranking on a parity with the Series 2010 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund, Series 2010 A Bonds Reserve Account, Series 2010 B Bonds Sinking Fund or into the Series 2010 B Bonds Reserve Account therein when the aggregate

amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2010 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 2010 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund, the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account created hereunder, and all required amounts for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 A Bonds Sinking Fund, the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Sinking Fund, the Series 2010 A Bonds Reserve Account, the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments, if any, with respect to the Series 2010 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall, on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission, the SRF Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement.

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

D. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so

transferred and paid into such funds during the following month or such other period as required by the Act, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 Bonds, the following

amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, there shall first be deposited with the Commission in the Series 2010 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the 2010 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2010 A Bonds.

D. From the proceeds of the Series 2010 B Bonds, there shall first be deposited with the Commission in the Series 2010 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

E. Next, from the proceeds of the Series 2010 B Bonds, there shall be deposited with the Commission in the Series 2010 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2010 B Bonds Reserve Account.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 B Bonds, such monies shall be deposited with the Depository Bank in the 2010 Bonds Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 hereof, and until expended, are hereby pledged as additional security for the Series 2010 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 Bonds shall be expended as approved by the DEP.

Section 6.02. Disbursements of Bond Proceeds.

A. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2010 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2010 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2010 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly. Invoices for which repayment from the Series 2010 Bonds Construction Trust Fund will be sought must be first approved by the Issuer.

Except as provided in Section 6.01 hereof, disbursements from the Series 2010 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement, in compliance with the construction schedule; and

Pending such application, monies in the Series 2010 Bonds Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2010 Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2010 Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 Bonds shall not be nor constitute a corporate 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 Series 2010 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2010 Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2010 Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Prior Bonds and the Series 2010 Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the sewer rate ordinance of the Issuer enacted November 13, 2007, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2010 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the ARRA Assistance Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2010 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement, the Issuer 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 and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinance. Additionally, so long as the Series 2010 Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with

respect to the Series 2010 Bonds, immediately be remitted to the Commission for deposit in the Series 2010 A Bonds Sinking Fund and the Series 2010 B Bonds Sinking Fund, respectively, pro rata with respect to the principal amount of each of the Bonds then Outstanding, and, with the written permission of the Authority or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2010 A Bonds and Series 2010 B Bonds in accordance with Article X hereof. Any balance remaining after the payment of the Bonds and the interest, if any, 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 duly adopted, 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, in writing 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 in accordance with the laws of the State. The proceeds of any such sale shall be remitted by the Issuer to the Commission for deposit in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security

for payment from such revenues with the Series 2010 Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 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 2010 Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2010 Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Ordinance).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of design, acquisition or construction of additions, extensions, betterments or improvements to the System or refunding any outstanding Bonds, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the Clerk a written statement by the Independent Certified Public Accountants 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, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from the improvements to be financed by such Parity Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Clerk 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 Independent Certified Public Accountants, as stated in a certificate, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the 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 Net Revenues of the System and their source of and security for payment from said Net 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.

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 2010 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2010 Bonds.

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

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2010 Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 Bonds, requesting the same, an annual report containing the following:

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

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

accounts.

(C) The amount of any Bonds, notes or other obligations 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, to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2010 Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the ARRA Assistance Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the ARRA Assistance Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2010 Bonds, 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 Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be

sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2010 Bonds, including the Prior Bonds; provided that, in the event the amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2010 A Bonds Reserve Account and the Series 2010 B Bonds Reserve Account and any Reserve Accounts for obligations on a parity with or junior to the Series 2010 Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2010 Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

The Issuer hereby covenants to commence enactment of such ordinance or ordinances as shall be required to increase the rates and charges for the services and facilities of the System within 30 days following a determination of the Independent Certified Public Accountant that less than the above-required coverage exists or in the event that the annual audit report shows less than the above-required coverage, such increase to provide rates and charges sufficient to produce such required coverage.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the DEP and the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Authority and the DEP and to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the

Authority and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

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

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed. The Issuer shall at all times provide operation and maintenance of the System in compliance with all state and federal standards.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator to operate the System during the entire term of the ARRA Assistance Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

The Issuer will serve the additional customers at the location(s) as set forth in

Certificate of Engineer. The Issuer will not reduce the amount of additional customers served by the project without the prior written approval of the Board of the Water Development Authority (the "Authority"). Following completion of the Project the Issuer will certify to the Authority the number of customers added to the System.

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

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

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

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

shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2010 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 the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the ARRA Assistance Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to

commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and has obtained all approvals for the issuance of the Series 2010 Bonds required by State law, with all appeal periods having expired without successful appeal.

Section 7.18. Compliance with ARRA Assistance Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer shall provide the DEP with copies of all documents submitted to the Authority.

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

The Issuer shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia.

Section 7.19. [RESERVED]

Section 7.20. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.21. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2010 Bonds or immediately thereafter, enter into

written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2010 Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2010 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP and the Authority in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

Section 7.22. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the 2010 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies 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 may make any and all investments permitted by this section through its own investment or trust department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest on the Series 2010 Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2010 Bonds as a condition to issuance of the Series 2010 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 Bonds as may be necessary in order to maintain the status of the Series 2010 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2010 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 Bonds and any additional information requested by the Authority.

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any Series 2010 Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series

2010 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2010 Bonds shall be on a parity with the Holders of the Prior Bonds.

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

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof,

and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

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

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

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

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Payment of Series 2010 A Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of the Series 2010 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Series 2010 B Bonds. If the Issuer shall pay, or there shall otherwise be paid, to the Registered Owners of all of the Series 2010 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2010 B Bonds from gross income for federal income tax purposes.

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2010 Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2010 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2010 Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2010 Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2010 Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2010 Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles,

sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. Except for the Prior Ordinance, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Ordinance and the Prior Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

Section 11.07. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in *Bluefield Daily Telegraph*, a newspaper published and of general circulation in The City of Bluefield, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2010 Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

[Remainder of Page Intentionally Blank]

Section 11.08. Effective Date. This Ordinance shall take effect immediately following the public hearing and final reading hereof.

Passed on First Reading:	December 8, 2009
Passed on Second Reading:	January 12, 2010
Passed on Final Reading Following Public Hearing:	January 26, 2010

Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of The City of Bluefield on the 26th day of January, 2010.

Dated: January 28, 2010

[SEAL]

Clerk

12.31.09
079810.00006

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3.

THE CITY OF BLUEFIELD

Sewer Revenue Bonds, Series 2010 B
(West Virginia SRF Program/ARRA)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA) OF THE CITY OF BLUEFIELD; APPROVING AND RATIFYING THE ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the council (the "Governing Body") of The City of Bluefield (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective January 26, 2010 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF THE CITY OF BLUEFIELD AND THE FINANCING OF THE COST THEREOF, NOT OTHERWISE PROVIDED, THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA SRF PROGRAM) AND NOT MORE THAN $3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2010 B (WEST VIRGINIA SRF PROGRAM/ARRA); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH

BONDS; APPROVING, RATIFYING AND CONFIRMING AN ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Sewer Revenue Bonds, Series 2010 A (West Virginia SRF Program), of the Issuer, in an aggregate principal amount not to exceed $3,500,000 and Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, in an aggregate principal amount not to exceed $3,500,000 (the "Bonds" or the "Series 2010 Bonds");

WHEREAS, the Series 2010 A Bonds will not be issued;

WHEREAS, the Bond Ordinance has authorized the execution and delivery of the ARRA Assistance Agreement relating to the Series 2010 Bonds, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and in the Bond Ordinance it is provided that the form of the ARRA Assistance Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF BLUEFIELD:

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

A. Sewer Revenue Bonds, Series 2010 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $2,883,295. The Series 2010 B Bonds shall be dated the date of delivery thereof, shall finally mature on December 1, 2020 and shall bear no interest. The principal of the Series 2010 B Bonds shall be forgivable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing ~~March~~ 1, 2011 to and including December 1, 2020 and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2010 B Bonds. The Series 2010 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2010 B Bonds. The Series 2010 B Bonds are not subject to the SRF Administrative Fee.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the ARRA Assistance Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate First Century Bank, Bluefield, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2010 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 B Bonds Reserve Account.

Section 9. The proceeds of the Series 2010 B Bonds shall be deposited in or credited to the Series 2010 B Bonds Construction Trust Fund as received from the DEP from time to time for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Mayor and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Bonds may be delivered on or about January 28, 2010, to the Authority pursuant to the ARRA Assistance Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby approve and authorize all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all monies in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Monies in the Series 2010 B Bonds Sinking Fund and the Series 2010 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Special Conditions of the ARRA Assistance Agreement attached as Exhibit A are hereby agreed to and incorporated herein.

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 26th day of January, 2010.

By: _____
Its: Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of The City of Bluefield on the 26th day of January, 2010.

Dated: January 28, 2010

[SEAL]

Clerk

01.12.10
079810.00006

EXHIBIT A

ARRA SPECIAL CONDITIONS

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

B. AUDIT REQUIREMENT (Supplement to Article IV 4.1 (b) (xi)) – Effective October 1, 2003, the Local Government that receives $500,000 or more (in federal funds) in a fiscal year must obtain audits in accordance with the Single Audit Act and the applicable OMB Circular or any successor thereto. Financial statement audits are required once all funds have been received by the Local Government.

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by January 28, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

G. LOBBYING - The Local Government shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying and shall submit certification and disclosure forms as required by DEP.

H. PURCHASING REQUIREMENTS – The Local Government shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials

identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

I. SUSPENSION AND DEBARMENT – The Local Government shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by DEP, the Local Government shall provide certifications as to compliance.

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

K. INSPECTOR GENERAL REVIEWS – The Local Government shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this ARRA Assistance Agreement and (2) interview any officer or employee of the Local Government.

L. FALSE CLAIMS – The Local Government must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this ARRA Assistance Agreement.

M. LIMIT ON FUNDS – The Local Government shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

N. WAGE RATES – The Local Government shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 32 of title 40, United States Code. The Local Government must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR,

Section 33.301, the Local Government agrees to make good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

Q. CIVIL RIGHTS – The Local Government shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Government shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color, national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and local governments, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(WVCWSRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE CITY OF BLUEFIELD
SEWER REVENUE BONDS, SERIES 2010 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $2,883,295

KNOW ALL MEN BY THESE PRESENTS: That on 28th day of January, 2010, THE CITY OF BLUEFIELD, a municipal corporation and political subdivision of the State of West Virginia in Mercer 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 TWO MILLION EIGHT HUNDRED EIGHTY THREE THOUSAND TWO HUNDRED NINETY FIVE DOLLARS ($2,883,295),or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2011, to an including December 1, 2020 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are 100% forgivable as set forth as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement (the "ARRA Assistance Agreement") by and among the Issuer, the Authority and the DEP, dated January 28, 2010.

This Bond is issued (i) to pay the costs of acquisition and construction of certain additions, betterments and improvements to the public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The public sewerage system of the Issuer, the Project, and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Ordinance duly enacted by the Issuer on January 26, 2010, and a Supplemental Resolution duly adopted by the Issuer on January 26, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under

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

THIS BOND IS ISSUED ON A PARITY AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S (I) SEWER REFUNDING REVENUE BONDS, SERIES 1995 (WEST VIRGINIA SRF PROGRAM), DATED AUGUST 29, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $7,945,000 (THE "SERIES 1995 BONDS"); (II) SEWERAGE SYSTEM REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA SRF PROGRAM), DATED MAY 20, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,116,645 (THE "SERIES 1998 A BONDS"); (III) SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), DATED JULY 13, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $307,000 (THE "SERIES 2000 A BONDS"); AND (IV) SEWER REFUNDING REVENUE BONDS, SERIES 2004, DATED DECEMBER 1, 2004, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $3,175,000 (THE "SERIES 2004 BONDS") (COLLECTIVELY, THE "PRIOR BONDS).

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds, and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar (as defined in the Bond Legislation), 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 payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal and interest on of this Bond.

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, THE CITY OF BLUEFIELD has caused this Bond to be signed by its Mayor, and its corporate seal to be hereunto affixed and attested by its Clerk, and has caused this Bond to be dated the day and year first written above.

[SEAL]

Mayor

SPECIMEN

ATTEST:

Clerk

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: January 28, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $147,029	January 28, 2010	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

SCHEDULE Y
DEBT SERVICE SCHEDULE

Bluefield, City of
10 Years

Dated Date	1/28/10	
Delivery Date	1/28/10	

Period Ending	Debt Service	Series B Principal Forgiveness
	-72,083	-72,083
6/1/11	-72,083	-72,083
9/1/11	-72,083	-72,083
12/1/11	-72,083	-72,083
3/1/12	-72,083	-72,083
6/1/12	-72,083	-72,083
9/1/12	-72,083	-72,083
12/1/12	-72,083	-72,083
3/1/13	-72,083	-72,083
6/1/13	-72,083	-72,083
9/1/13	-72,083	-72,083
12/1/13	-72,083	-72,083
3/1/14	-72,083	-72,083
6/1/14	-72,083	-72,083
9/1/14	-72,082	-72,082
12/1/14	-72,082	-72,082
3/1/15	-72,082	-72,082
6/1/15	-72,082	-72,082
9/1/15	-72,082	-72,082
12/1/15	-72,082	-72,082
3/1/16	-72,082	-72,082
6/1/16	-72,082	-72,082
9/1/16	-72,082	-72,082
12/1/16	-72,082	-72,082
3/1/17	-72,082	-72,082
6/1/17	-72,082	-72,082
9/1/17	-72,082	-72,082
12/1/17	-72,082	-72,082
3/1/18	-72,082	-72,082
6/1/18	-72,082	-72,082
9/1/18	-72,082	-72,082
12/1/18	-72,082	-72,082
3/1/19	-72,082	-72,082
6/1/19	-72,082	-72,082
9/1/19	-72,082	-72,082
12/1/19	-72,082	-72,082
3/1/20	-72,082	-72,082
6/1/20	-72,082	-72,082
9/1/20	-72,082	-72,082
12/1/20	-72,083	-72,083
	-2,883,295	-2,883,295

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____