

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

Date of Closing: July 6, 1988

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CITY OF CHESTER
COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS,
SERIES 1988 A AND SERIES 1988 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES ORDINANCE

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07/05/88
CHEC02-B

CITY OF CHESTER

ORDINANCE

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COSTS, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$1,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF CHESTER:

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 8, Article 20 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 Chester (the "Issuer") is a municipal corporation and political subdivision of the State of West Virginia in Hancock County of said State.

B. The Issuer now owns and operates a combined waterworks and sewerage treatment, collection and transportation system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain additions, betterments and improvements for such existing combined waterworks and sewerage facilities of the Issuer consisting of additional sewerage facilities (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the existing combined system, the Project and any further additions thereto or extensions thereof is herein called the "System") at an estimated cost of \$4,217,299, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with 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 the Prior Bonds and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Ordinance, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds in the total aggregate principal amount of not more than \$2,600,000 in two series, being the Series 1988 A Bonds in the aggregate principal amount of not more than \$1,800,000, and the Series 1988 B Bonds in the aggregate principal amount of not more than \$800,000 (collectively, the "Bonds"), and (at the option of the Issuer) contemporaneously therewith, or as soon as practicable thereafter, to issue its combined waterworks and sewerage system grant anticipation notes, and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes") in the aggregate principal amount of not more than \$2,000,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for not more than 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 Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are outstanding certain obligations of the Issuer which will rank prior to the Bonds and the Notes (to the extent the Notes may be payable in whole or in part from the Gross Revenues) as to lien and source of and security for payment, being (i) the Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of \$1,879,000, of which \$1,686,000 remains Outstanding as of the date of enactment of this Ordinance (the "1976 Bonds"), and (ii) the Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of \$357,000, of which \$211,000 remains outstanding as of the date of enactment of this Ordinance (the "1964 Bonds"). The 1964 Bonds and the 1976 Bonds are collectively referred to herein as the "Prior Bonds." The Series 1988 A Bonds shall be junior and subordinate to the Prior Bonds and the Series 1988 B Bonds shall be junior and subordinate to both the Prior Bonds and the Series 1988 A Bonds as set forth herein.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired prior to the issuance of the Bonds or any of the Notes.

I. Pursuant to the Act, the Issuer has heretofore established a "Water-Sewerage Board" and the Water-Sewerage Board has petitioned the Council to issue the Bonds and Notes, as needed for the purposes set forth herein.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Bonds and Notes, respectively, all 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 between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

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

"Bond Legislation," "Ordinance," "Bond and Notes Ordinance" or "Local Act" means this Bond and Notes 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 Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

"City Clerk" or "Recorder" means the City Clerk of the Issuer.

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

"Code" means the Internal Revenue Code of 1986, as amended, and 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 Vaughn Consultants, Inc., St. Clairsville, Ohio, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

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

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

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

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

"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 1988 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 1988 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 may hereafter be constituted, and includes the Water-Sewerage Board.

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

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

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

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

(i) Original proceeds, namely, net amounts received by or for the Issuer as a result of the sale of the Series 1988 A Bonds, excluding original proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(ii) Investment proceeds, namely, amounts received at any time by or for the Issuer, such

as interest and dividends, resulting from the investment of any original proceeds (as referenced in clause (i) above) or investment proceeds (as referenced in this clause (ii)) in Nonpurpose Investments, increased by any profits and decreased (if necessary, below zero) by any losses on such investments, excluding investment proceeds which become transferred proceeds (determined in accordance with applicable Regulations) of obligations issued to refund in whole or in part the Series 1988 A Bonds;

(iii) Transferred proceeds, namely, original proceeds of any prior obligations, and interest earnings and profits less losses resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any prior bonds and which are deemed to become proceeds of the Series 1988 A Bonds ratably as original proceeds of the Series 1988 A Bonds, and interest earnings and profits resulting from investment of such original proceeds in Nonpurpose Investments, which are used to discharge the outstanding principal of any such prior obligations, all on the date of such ratable discharge;

(iv) Sinking fund proceeds, namely, amounts, other than original proceeds, investment proceeds or transferred proceeds (as referenced in clauses (i) through (iii) above) of the Series 1988 A Bonds, which are held in any fund to the extent that the Issuer reasonably expects to use such other fund to pay Debt Service;

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

(vi) Investment Property pledged as security for payment of Debt Service on the Series 1988 A Bonds by the Issuer;

(vii) Amounts, other than as specified in this definition, used to pay Debt Service on the Series 1988 A Bonds; and

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

"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.

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"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 Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Issuer" means the City of Chester, in Hancock County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which 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 the face amount of the Series 1988 A Bonds, plus accrued interest and premium, if any, less original

issue discount, if any, and less proceeds deposited in the Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1988 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

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

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

"Notes" means collectively, the not more than \$2,000,000 in aggregate principal amount of Combined Waterworks and Sewerage System grant anticipation notes or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

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

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than \$1,800,000 in aggregate principal amount of Series 1988 A Bonds and the not more than \$800,000 in aggregate principal amount of Series 1988 B

Bonds, issued for the purpose of paying a portion of the Costs of the Project and for such other purposes permitted and authorized by this Bond Legislation.

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

"Other Grants" means any grant other than the EPA Grant hereafter received by the Issuer to aid in financing any Costs.

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

"Prior Bonds" means, collectively, the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, originally issued in the aggregate principal amount of \$1,879,000 of which \$1,686,000 is currently Outstanding and Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, originally issued in the aggregate principal amount of \$357,000, of which \$211,000 is currently Outstanding.

"Prior Ordinance" means the ordinance of the Issuer enacted September 1, 1964, as supplemented and amended by an ordinance enacted December 13, 1977, authorizing issuance of the Prior 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.

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

"Project" means the acquisition and construction of certain additions, betterments and improvements for the sewerage facilities portion of the Issuer's existing combined waterworks and sewerage system consisting of the upgrading of its sewage treatment plant, interceptor sewers, pump stations and transportation and collection lines and all necessary appurtenances.

"Purchase Price," for the purpose of computation of the Yield of the Series 1988 A Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1988 A Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of the Series 1988 A Bonds of each maturity is sold or, if the Series 1988 A Bonds are privately placed, the price paid by the first buyer of the Series 1988 A Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1988 A Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1988 A Bonds.

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

- (a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or

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

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; 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," "Noteholder," "Bondholder," "Holder" or any similar term means whenever used herein with respect to an outstanding Bond, Note, Bonds or Notes, the person in whose name such Bond or Note is registered.

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

"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.

"Revenue Fund" means the Revenue Fund described in Section 5.01 hereof.

"Series 1988 A Bonds" or "Series A Bonds" means the not more than \$1,800,000 in aggregate principal amount of Combined

Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer.

"Series 1988 A Bonds Reserve Account" means the Series 1988 A Bonds Reserve Account established in the Series 1988 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 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 1988 A Bonds in the then current or any succeeding year.

"Series 1988 A Bonds Sinking Fund" means the Series 1988 A Sinking Fund established by Section 5.02 hereof.

"Series 1988 B Bonds" or "Series B Bonds" means the not more than \$800,000 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer.

"Series 1988 B Bonds Reserve Account" means the Series 1988 B Bonds Reserve Account established in the Series 1988 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1988 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1988 B Bonds in the then current or any succeeding year.

"Series 1988 B Bonds Sinking Fund" means the Series 1988 B Bonds Sinking Fund established by Section 5.02 hereof.

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

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Prior Bonds, the Bonds or any other obligations of the Issuer, including the Depreciation Fund, the Operation and Maintenance Fund, 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 complete combined waterworks and sewerage system owned by the Issuer, and any improvements or extensions thereto hereafter constructed or acquired from any sources whatsoever, and includes the Project.

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

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

"Water-Sewerage Board" means the Water-Sewerage Board of the City of Chester, established by ordinance of the Issuer enacted September 1, 1964.

"Yield" means that yield which, when used in computing the present worth of all payments of principal and interest (or other payments in the case of Nonpurpose Investments which require payments in a form not characterized as principal and interest) on a Nonpurpose Investment or on the Series 1988 A Bonds, produces an amount equal to the Purchase Price of such Nonpurpose Investment or the Bonds, all computed as prescribed in applicable Regulations.

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

ARTICLE II

AUTHORIZATION OF CONSTRUCTION
AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of \$4,217,299, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, a Supplemental Resolution and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1988 A Bonds, funding a reserve account for each series of Original Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than \$2,600,000. Said Bonds shall be issued in two series, to be designated respectively, "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A," in the aggregate principal amount of not more than \$1,800,000, and "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B," in the aggregate principal amount of not more than \$800,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds), and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a 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 Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in 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 such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Mayor, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the 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 forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration 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, 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 privileges of exchanging Bonds or transferring the registered Bonds 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 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 Gross Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues, Junior and Subordinate to Prior Bonds. The payment of the debt service of all the Series 1988 A Bonds shall be secured forthwith equally and ratably with each other, by a lien on the Gross Revenues junior and subordinate to the lien on Gross Revenues in favor of the Holders of the Prior Bonds. The payment of the debt service of all the Series 1988 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Gross Revenues derived from the System, but junior and subordinate to the lien on such Gross Revenues in favor of the Holders of the Prior Bonds and the Series 1988 A Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original 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 1988 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 A

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 _____

(\$ _____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the bonds of this series (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1988 (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 concurrently with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of \$283,463, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a

corporate indebtedness of the 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 Gross Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 B Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 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 the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B 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 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated _____, 1988.

[SEAL]

Mayor

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

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:

[Form of Series 1988 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 B

No. BR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 _____

(\$ _____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage 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. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental

Resolution, duly enacted and adopted, respectively, by the Issuer on _____, 1988 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,133,851 AND DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ALSO JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1988 A Bonds and by all moneys in the Reserve Account (the "Series 1988 B Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year

equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,

together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 1988.

[SEAL]

Mayor

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.10. Sale of Original Bonds; Ratification of Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form approved by the Supplemental Resolution 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.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed \$2,000,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in a resolution or resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or Supplemental Resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if provided for, (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a Supplemental Resolution), or Supplemental Resolution, if no Indenture is used.

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

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed \$1,000,000 in the aggregate. In the event of a draw under

any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created (or continued if previously established or continued 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 Prior Ordinance as the "Water and Sewer Revenue Fund");
- (2) Depreciation Fund (established by the Prior Ordinance);
- (3) Operation and Maintenance Fund (established by the Prior Ordinance);
- (4) Renewal and Replacement Fund; and
- (5) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established (or continued if previously established or continued by the Prior Ordinance) with the Commission:

- (1) The Sinking Fund established for the Prior Bonds (herein called the "Prior Bonds Sinking Fund");
 - (a) The Reserve Account established for the Prior Bonds in the Prior Bonds Sinking Fund (herein called the "Prior Bonds Reserve Account");
- (2) Series 1988 A Bonds Sinking Fund;
 - (a) Within the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account;
- (3) Series 1988 B Bonds Sinking Fund; and
 - (a) Within the Series 1988 B Bonds Sinking Fund, the Series 1988 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 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, on the first day of each month, remit to the Commission for deposit into the Prior Bonds Sinking Fund such sums as will be sufficient to pay the interest and principal which will mature and become due on the next interest and principal payment date on all the Prior Bonds Outstanding, all in accordance with the Prior Ordinance.

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next on the first day of each month, remit to the Commission for deposit in the Prior Bonds Sinking Fund the monthly amount required to replenish the Prior Bonds Sinking Fund so as to maintain the reserve requirement therein, as set forth in the Prior Ordinance, provided, however, that no further payments need be made into the Prior Bonds Reserve Account for the purpose of maintaining the reserve requirement therein when there shall have been deposited therein and so long as there shall remain on deposit therein an amount equal to two times the maximum annual aggregate amount of interest and principal which will fall due on the Prior Bonds, all in accordance with the Prior Ordinance.

(3) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, remit to the Depository Bank for deposit in the depreciation fund established by the Prior Ordinance (the "Depreciation Fund"), 10% of the Gross Revenues collected each month, less the above-provided payments into the Prior Bonds Sinking Fund for each month, until the amount in the Depreciation Fund is in the sum of not less than \$280,000, and thereafter, when such sum falls below \$280,000, such payments into the Depreciation Fund shall be resumed.

(4) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1988 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for

deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1988 A 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 1988 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(5) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 A 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 1988 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 A Bonds, if not fully funded upon issuance of the Series 1988 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 A Bonds Reserve Requirement.

(7) 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 construction of the Project, transfer to the Renewal and Replacement Fund a sum equal to 2 1/2% of the Net Revenues each month, exclusive of any payments for account of the Series 1988 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 VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1988 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(6)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

(8) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1988 B 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 1988 B Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(9) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1988 B Bonds, if not fully funded upon issuance of the Series 1988 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1988 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1988 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1988 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 1988 B Bonds Reserve Requirement.

(10) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, remit to the Depository Bank for deposit in

the Operation and Maintenance Fund, 1/3rd of the amount determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining the System for the then current quarter; provided, that further deposits into the Operation and Maintenance Fund may be made in like manner, but only if and to the extent it may be found to be necessary to pay expenses actually accrued and payable.

Moneys in the Series 1988 A Bonds Sinking Fund and the Series 1988 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts 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 Revenue Fund and applied in full, first to the next ensuing interest payments, if any, due on the respective series of bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1988 A Bonds Reserve Account which result in a reduction in the balance of the Series 1988 A Bonds Reserve Account to below the Series 1988 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds Sinking Fund, the Depreciation Fund and the Series 1988 A Bonds Sinking Fund for payment of debt service on the Prior Bonds and Series 1988 A Bonds have been made in full.

Any withdrawals from the Series 1988 B Bonds Reserve Account which result in a reduction in the balance of the Series 1988 B Bonds Reserve Account to below the Series 1988 B Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments to the Prior Bonds

Sinking Fund, the Depreciation Fund, the Series 1988 A Bonds Sinking Fund, the Series 1988 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1988 B Bonds Sinking Fund 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 1988 A Bonds Sinking Fund, or the Series 1988 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the respective maturities thereof.

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

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

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

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds

and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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 Funds, including the Prior Bonds Sinking Fund and the several Reserve Accounts therein and the sinking funds established for the Prior Bonds, and the Depreciation Fund and 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, subject however, to the restrictions thereon set forth in the Prior Ordinance.

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

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

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

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

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

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

in the event Notes are issued, Tap Fees may, with the written consent of the Authority, be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

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

A. From the proceeds of the Series 1988 A Bonds, there shall first be deposited with the Commission in the Series 1988 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1988 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1988 A Bonds, there shall be deposited with the Commission in the Series 1988 A Bonds Reserve Account and from the proceeds of the Series 1988 B Bonds, there shall be deposited with the Commission in the Series 1988 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts.

C. Next, from the proceeds of the Series 1988 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, including interest accrued thereon to the date of such payment.

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

E. 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 1988 A Bonds, and thereafter for the Series 1988 B Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

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

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund, except for the costs of issuance of the Original Bonds which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

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

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

In case any contract provides 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 1988 A Bonds Reserve Account, and when fully funded to the Series 1988 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys

in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds and thereafter to the next ensuing principal payments due thereon. Notwithstanding the foregoing, if the Authority tenders any of its Series 1988 B Bonds to the Issuer pursuant to the provisions of the Supplemental Loan Agreement, such moneys shall be applied to the purchase of such Series 1988 B Bonds.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

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

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

Section 7.03. Bonds Secured by Subordinate Pledge of Gross Revenues. The payment of the debt service of the Series 1988 A Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on the Gross Revenues derived from the operation of the System junior and subordinate to the lien in favor of the Holders of the Prior Bonds and payment of the debt service of the Series 1988 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Gross Revenues, junior and subordinate to the lien on said Gross Revenues in favor of the Holders of both the Prior Bonds and the Series 1988 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and 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 7.04. 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 April 18, 1988.

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

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the

Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$10,000 but not in excess of \$50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of \$10,000 and not in excess of \$50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of the 1976 Bonds in accordance with the Prior Ordinance 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 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and in Section 7.07B, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1988 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional parity 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 1988 A Bonds and the Series 1988 B Bonds; provided, that no such subordinate obligations shall be issued

unless all payments required to be made into the 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.

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1988 B Bonds. No Parity Bonds shall be issued which shall be payable out of the revenues of the System on a parity with the Series 1988 A Bonds, unless the Series 1988 B Bonds are no longer outstanding.

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 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 Prior Bonds and Bonds then Outstanding;
- (2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Ordinance then Outstanding; and

(3) The Parity Bonds then proposed to be issued.

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 1988 A Bonds and the Series 1988 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1988 A Bonds or the Series 1988 B Bonds.

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

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

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

reported to such agent of the Issuer as the Governing Body shall direct.

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

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

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

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

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

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 hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in

effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit respectively 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.

Section 7.10. 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. 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 Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the

Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant 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 7.12. 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 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 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 the System until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event 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 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. 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 in the full insurable value thereof, 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.

B. The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project. 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 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

Section 7.17. 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 Series 1988 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1988 A Bonds during the term thereof is, under the terms of the Series 1988 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1988 A Bonds are used for a Private Business Use, and (B) in excess of 5% of the principal or 5% of the interest due on the Series 1988 A Bonds during the term thereof is, under the terms of the Series 1988 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1988 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1988 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1988 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 1988 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 1988 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 1988 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions (including those determined by the Authority) which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the 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 Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien in favor of the Holders of the Series 1988 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1988 B Bonds, and provided however, that such statutory mortgage lien shall be junior and subordinate to the statutory mortgage lien in favor of the holders of the Prior Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

Except as provided in the Indenture, if any, 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 Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Trustee, if any, the Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

Section 8.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with

respect to the Bonds) so that the interest on the Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. 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 8.03 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 8.03 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.

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 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 30 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) of 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, Investment Property 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 Property 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.

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 8.03.

G. INDEPENDENT CONSULTANTS. In order to provide for the administration of this Section 8.03, the Issuer, the Authority 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 or a certificate to the effect that the Issuer is not subject to arbitrage rebate for such fiscal year, and, at any time, any additional information relating thereto as may be requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, 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 Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to any series of 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, 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 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note

or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her 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 Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1988 B Bonds shall be subject to those of the Holders of the Series 1988 A Bonds.

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

DEFEASANCE

Section 10.01. Defeasance of Series 1988 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 1988 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 1988 A Bonds only, the pledge of Gross 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 1988 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 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 1988 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 1988 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 1988 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 1988 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.

Section 10.02. Defeasance of Series 1988 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1988 B Bonds, the principal 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 1988 B Bonds only, the pledge of Gross 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 1988 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1988 B 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 such Series 1988 B Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1988 B Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of 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 said Series 1988 B 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 said Series 1988 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of 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.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes, the Prior Bonds, the Series 1988 A Bonds or the Series 1988 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder 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 and the Notes 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 Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

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

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

Section 11.05. 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 Ordinance, the Prior Ordinance shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the 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 and members of the 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 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 The Intelligencer, a qualified newspaper of general circulation in the City of Chester, there being no newspaper published therein, together with a notice stating that this Bond Legislation has been adopted and that the Issuer contemplates the issuance of the Bonds and Notes, 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 this Bond Legislation and notice, and present protests, and that a certified copy of the Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At

such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

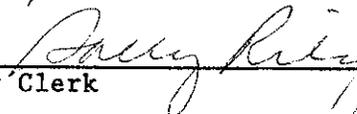
Passed on First Reading - May 2, 1988

Passed on Second Reading - June 9, 1988

Passed on Final Reading
Following Public
Hearing - June 21, 1988



Mayor



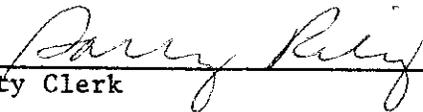
City Clerk

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF CHESTER on the 21st day of June, 1988.

Dated: July 6, 1988.

[SEAL]



City Clerk

07/05/88
CHECO2/3-A/A

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A AND SERIES 1988 B OF THE CITY OF CHESTER; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the city council (the "Governing Body") of the City of Chester (the "Issuer"), has duly and officially enacted a bond ordinance, effective June 21, 1988 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$1,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND

RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount not to exceed \$2,600,000, to be issued in two series, the Series 1988 A Bonds to be in an aggregate principal amount of not more than \$1,800,000 (the "Series 1988 A Bonds") and the Series 1988 B Bonds to be in an aggregate principal amount of not more than \$800,000 (the "Series 1988 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1988 A Bonds dated June 24, 1988, and a supplemental loan agreement relating to the Series 1988 B Bonds, also dated June 24, 1988 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 8, Article 20 of the West Virginia Code, 1931, as amended (the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

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

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

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

(A) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$1,133,851. The Series 1988 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall bear interest at the rate of 9.0% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1988, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 A Bonds and to the Loan Agreement and incorporated therein by reference.

(B) The Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of \$283,463. The Series 1988 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2028, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1988 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached to the Series 1988 B Bonds and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Mayor of the

Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

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

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

Section 6. The Issuer does hereby appoint First National Bank of Chester, Chester, West Virginia, as Depository Bank under the Bond Ordinance.

Section 7. Series 1988 A Bonds proceeds in the amount of \$161,863 shall be deposited in the Series 1988 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1988 A Bonds proceeds in the amount of \$105,723 shall be deposited in the Series 1988 A Bonds Reserve Account and Series 1988 B Bonds proceeds in the amount of \$7,279 shall be deposited in the Series 1988 B Bonds Reserve Account.

Section 9. The balance of the proceeds of the Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

Section 10. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 11. The Mayor and 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 July 6, 1988, to the Authority pursuant to the Loan Agreement.

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

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Ordinance in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund, until further directed in writing by the Issuer.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. They will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 15. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations during the calendar year 1988, being the calendar year in which the Bonds are to be issued.

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

Adopted this 5th day of July, 1988.

CITY OF CHESTER



Mayor

07/05/88
CHEC01-K



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ORDINANCE NO. _____

CITY OF CHESTER

Combined Waterworks and Sewerage
System Revenue Bond,
Series 1976

BOND ORDINANCE

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ORDINANCE NO. _____

CITY OF CHESTER

ORDINANCE AUTHORIZING THE ISSUANCE OF \$1,879,000 COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BOND, SERIES 1976, OF THE CITY OF CHESTER TO FINANCE IMPROVEMENTS FOR ITS EXISTING WATERWORKS; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING FOR RATES FOR THE SERVICES OF THE WATERWORKS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS ORDINANCE SHALL TAKE EFFECT

BE IT ORDAINED AND ENACTED BY THE COMMON COUNCIL OF THE CITY OF CHESTER:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for This Ordinance. This Ordinance is enacted pursuant to the provisions of Article 20, Chapter 8 of the West Virginia Code and other applicable provisions of law.

Section 1.02. Findings and Determinations. It is hereby found, determined and declared as follows:

(A) The City of Chester (the "City"), in the County of Hancock, State of West Virginia, is now served by a combined waterworks and sewerage system (the "System") owned and operated by the City, duly heretofore established by the City. The inhabitants of the City and surrounding area served by the System urgently require that the System be improved as herein provided in order that adequate provision may be made for reliably and economically supplying sufficient quantities of potable water to users in the service area of the System.

(B) It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the said inhabitants, and, accordingly, it is hereby ordered that the City cause to be constructed and acquired additions and improvements for the existing waterworks of the City consisting of renewals and replacements of the distribution lines, metering of all customers, a new pumping station, water storage tanks and a new water treatment plant with all necessary appurtenant facilities (such additions and improvements being collectively called the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Recorder.

(C) It is necessary for the City to issue its revenue bond in the principal amount of \$1,879,000 to finance the costs of acquisition and construction of the Project in the manner hereinafter provided.

(D) The estimated maximum cost of the acquisition and construction of the Project is \$1,879,000, all of which will be obtained from the proceeds of sale of the Bond herein authorized.

(E) The costs of such acquisition and construction of the Project shall be deemed to include, without being limited to, the construction and acquisition of the additions and improvements referred to above; the acquisition of any necessary additional property, real or personal, or interest therein; interest on the 1976 Bond during and for six months after the estimated completion of such construction to the extent that revenues of the System (hereinafter defined) are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby.

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

(G) There is outstanding a water and sewer revenue bond issue of the City, designated "Water and Sewer Revenue Bonds Series 1964," dated August 1, 1964 (the "Series 1964 Bonds"), in the original principal amount of \$357,000, which will rank on a parity with the 1976 Bond as to liens and source of and security for payment and in all other respects.

(H) The Series 1964 Bonds were authorized and issued pursuant to an ordinance of the City enacted September 1, 1964, (the "1964 Ordinance"). The 1964 Ordinance provides in Subsection 2 of Section 9 thereof that prior to the issuance of additional bonds as a parity with the Series 1964 Bonds:

(a) There shall have been procured and filed with the City Clerk a statement by an independent certified public accountant not in the regular employ of the City reciting the opinion, based upon necessary investigation, that the net income and revenues of the combined waterworks and sewerage system of the City for twelve consecutive months out of the eighteen months preceding the issuance of such additional parity bonds were equal to at least 1.35 times the maximum amount that will become due in any succeeding calendar year for both principal and interest on the bonds then outstanding and the bonds then proposed to be issued.

"Net income and revenues" as used above shall mean the gross income and revenues of the System less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs and insurance, as well as all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation.

Such "net income and revenues" may be adjusted for the purposes of the computations referred to above to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds and also to reflect any increase in such net income and revenues by reason of the extensions and improvements to the System, the cost of which is to be paid through the issuance of such additional parity bonds.

The adjustment referred to above as to increase in such net income and revenues shall only be made of contracts for the immediate construction or acquisition of such extensions and improvements have been or will be entered into prior to the issuance of such additional parity bonds.

All such adjustments referred to above shall be based upon written certification of an independent consulting engineer or firm of consulting engineers of national reputation in the field of waterworks and sanitary engineering and licensed in West Virginia.

The interest payment dates for all such additional parity bonds shall be semiannually on April 1 and October 1 of each year, and the principal maturities thereof shall be on April 1 of the year in which any such principal is scheduled to become due.

All the foregoing provisions will be met prior to issuance of the 1976 Bond. Accordingly, the 1976 Bond will be on a parity as to liens, pledges and source of and security for payment, and in all other respects, with the Series 1964 Bonds outstanding.

The City is in full compliance with all provisions, requirements and covenants contained in the 1964 Ordinance and will be in such compliance on the date of issuance of the 1976 Bond.

The Waterworks Revenue Bonds of the City dated October 1, 1946, referred to in the 1964 Ordinance have been paid in full and none of such bonds remains outstanding.

Section 1.03. Ordinances to Constitute Contract. In consideration of the acceptance of the Bond authorized to be issued hereunder by the Holder from time to time, this Ordinance and the 1964 Ordinance, hereinafter defined, shall be deemed to be and shall constitute together a contract between the City and such Bondholder, and the covenants and agreements herein and in the 1964 Ordinance set forth to be performed by the City shall be for the equal benefit, protection and security of the legal holders of the Bonds.

Section 1.04. Definitions. The following terms have the following meanings herein unless the text otherwise expressly requires

"Act" means Article 20, Chapter 8 of the West Virginia Code.

"Bond" means the \$1,879,000 Combined Waterworks and Sewerage System Revenue Bond, Series 1976, originally authorized to be issued pursuant to this Ordinance; and also includes any additional bonds hereafter issued on a parity with the 1976 Bond within the terms, restrictions and conditions contained in this Ordinance.

"Bonds" means the 1976 Bond and the Series 1964 Bond and any additional parity bonds.

"1976 Bond" means the Bond hereby authorized to be issued initially.

"City" means the City of Chester, in Hancock County, West Virginia, and where appropriate, also means the Common Council thereof and the Water-Sewerage Board of the City created to control and manage the System by Ordinance enacted concurrently with the 1964 Ordinance and hereby recognized as continuing and to continue so long as any Series 1964 Bonds are outstanding.

"City Clerk" means the Clerk of the City.

"Consulting Engineer" means Cerrone and Vaughn, Consulting Engineers, Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the the City as Consulting Engineer for the System.

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

"Government" means United States of America, acting by and through the United States Department of Agriculture, Farmers Home Administration.

"Herein" means in this Ordinance.

"Holder of the Bonds" or "Bondholder" or any similar term means any person who shall be the bearer or owner of any outstanding Bond or Bonds.

"Mayor" means the Mayor of the City.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the City relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, but such term shall not include depreciation charged to the System or debt service on the Bonds.

"1964 Ordinance" means the ordinance of the City providing for issuance of the Series 1964 Bond, enacted September 1, 1964.

"Original Purchaser" means the purchaser, directly from the City, of any series of Bonds issued pursuant hereto, or any part of any such series.

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

"Reserve Requirement" means twice the maximum annual aggregate amount of interest and principal which will fall due on the Bonds outstanding.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the City, or accrued to the City, or to The Water-Sewerage Board of the City, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Series 1964 Bonds" means the Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, described in Section 1.02(G) above.

"System" means the existing combined waterworks and sewerage system of the City 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 the combined waterworks and sewerage system; and shall also include any and all additions, extensions, improvements, properties, or other facilities at any time acquired or constructed for the combined waterworks and sewerage system after completion of the Project.

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

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUANCE OF 1976 BOND

Section 2.01. Authorization of 1976 Bond. Subject and pursuant to the provisions hereof, a Bond of the City to be known as "Combined Waterworks and Sewerage System Revenue Bond, Series 1976" is hereby authorized to be issued in the aggregate principal amount of not exceeding One Million Eight Hundred Seventy-Nine Thousand Dollars (\$1,879,000) for the purpose of financing the costs of the construction and acquisition of the Project.

Section 2.02. Description of 1976 Bond. The 1976 Bond shall be issued in negotiable form, without coupons, and shall be dated on the date of delivery thereof. The 1976 Bond shall bear interest from date at the rate of five per centum (5%) per annum, payable semiannually each April 1 and October 1.

The minimum price for the 1976 Bond shall be the par value thereof.

Prepayments of principal of the 1976 Bond may be made at any time without penalty in inverse order of annual principal maturities.

The principal amount of the 1976 Bond shall be payable in years and amounts stated below at the National Finance Office of the Government through the State Sinking Fund Commission of West Virginia, on April 1 of each year:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 1980 | \$ 18,000 | 1993 | \$ 33,000 | 2006 | \$ 62,000 |
| 1981 | 18,000 | 1994 | 35,000 | 2007 | 65,000 |
| 1982 | 19,000 | 1995 | 36,000 | 2008 | 68,000 |
| 1983 | 20,000 | 1996 | 38,000 | 2009 | 72,000 |
| 1984 | 22,000 | 1997 | 40,000 | 2010 | 75,000 |
| 1985 | 22,000 | 1998 | 42,000 | 2011 | 79,000 |
| 1986 | 23,000 | 1999 | 44,000 | 2012 | 83,000 |
| 1987 | 25,000 | 2000 | 46,000 | 2013 | 87,000 |
| 1988 | 26,000 | 2001 | 49,000 | 2014 | 92,000 |
| 1989 | 27,000 | 2002 | 51,000 | 2015 | 96,000 |
| 1990 | 28,000 | 2003 | 54,000 | 2016 | 101,000 |
| 1991 | 30,000 | 2004 | 56,000 | 2017 | 106,000 |
| 1992 | 32,000 | 2005 | 59,000 | | |

Section 2.03. Execution of 1976 Bond. The 1976 Bond shall be executed in the name of the City by the Mayor and the corporate seal of the City shall be affixed thereto and attested by the City Clerk. The 1976 Bond may be signed and sealed on behalf of the City by such person as at the actual time of the execution thereof shall hold the proper office in the City, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 2.04. Negotiability. The 1976 Bond shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State of West Virginia.

Section 2.05. Bond Mutilated, Destroyed, Stolen or Lost. In case the 1976 Bond shall become mutilated or destroyed, stolen or lost, the City may, in its discretion, issue and deliver a new Bond of like tenor as the 1976 Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the City proof of his ownership thereof and complying with such other reasonable regulations and conditions as the City may require. If any such 1976 Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the City may pay the same and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.06. 1976 Bond Secured by Pledge of Revenues. The payment of the debt service of the 1976 Bond shall be secured forthwith by a lien on the revenues derived from the System. The

revenues derived from the System in an amount sufficient to pay the principal of land interest on the 1976 Bond and the Series 1964 Bond, and to make the payments as hereinafter and in the 1964 Ordinance provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due as herein provided.

Section 2.07. Form of 1976 Bond. Subject to the provisions hereof, the text of the 1976 Bond shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted by this Ordinance or any subsequent ordinance or resolution enacted or adopted prior to the issuance thereof:

(Form of Bond)

COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND
SERIES 1976

CITY OF CHESTER

\$1,879,000

Date: _____

FOR VALUE RECEIVED, the CITY OF CHESTER (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (herein called the "Government") at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, through The State Sinking Fund Commission of West Virginia, Charleston, West Virginia, the principal sum of One Million Eight Hundred Seventy-Nine Thousand Dollars (\$1,879,000), plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum, payable semiannually each April 1 and October 1. The principal amount hereof shall be paid in annual installments on April 1 in years and amounts as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|-------------|---------------|
| 1980 | \$ 18,000 | 1993 | \$ 33,000 | 2006 | \$ 62,000 |
| 1981 | 18,000 | 1994 | 35,000 | 2007 | 65,000 |
| 1982 | 19,000 | 1995 | 36,000 | 2008 | 68,000 |
| 1983 | 20,000 | 1996 | 38,000 | 2009 | 72,000 |
| 1984 | 22,000 | 1997 | 40,000 | 2010 | 75,000 |
| 1985 | 22,000 | 1998 | 42,000 | 2011 | 79,000 |
| 1986 | 23,000 | 1999 | 44,000 | 2012 | 83,000 |
| 1987 | 25,000 | 2000 | 46,000 | 2013 | 87,000 |
| 1988 | 26,000 | 2001 | 49,000 | 2014 | 92,000 |
| 1989 | 27,000 | 2002 | 51,000 | 2015 | 96,000 |
| 1990 | 28,000 | 2003 | 54,000 | 2016 | 101,000 |
| 1991 | 30,000 | 2004 | 56,000 | 2017 | 106,000 |
| 1992 | 32,000 | 2005 | 59,000 | | |

The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

Each payment received hereon shall be applied first to the interest then due hereon and next to the principal hereof.

Prepayments of scheduled principal installments, or any portion thereof, may be made at any time in inverse order of maturity at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the principal installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, Borrower shall continue to make payments to the Government, as collection agent for the holder, through The State Sinking Fund Commission of West Virginia.

While this Bond is held by an insured lender, prepayments as above authorized made by Borrower may, at the option of the Government, be remitted by the Government to the holder promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Borrower, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government

remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Borrower, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

Any amount advanced or expended by the Government for the collection hereof or to preserve or protect any security herefor, or otherwise under the terms of any security or other instrument executed in connection with the loan evidenced hereby, at the option of the Government shall become a part of and bear interest at the same rate as the principal of the debt evidenced hereby and be immediately due and payable by Borrower to the Government without demand. Borrower agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

Borrower hereby certifies that it is unable to obtain sufficient credit elsewhere to finance its actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in or near its community for loans for similar purposes and periods of time.

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of construction and acquisition of additions for the combined waterworks and sewerage system (the "System") of the Borrower, is payable solely from the revenues to be derived from the operation of the System prior to any payment from such revenues of the reasonable current costs of operation and maintenance of the System. This Bond does not in any

manner constitute an indebtedness of the Borrower within the meaning of any constitutional or statutory provision or limitation. A statutory mortgage lien exists in favor of the holder of this Bond.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including among others, Article 20 of Chapter 8 of the West Virginia Code (herein called the "Act"), and with an Ordinance of the City duly enacted.

If at any time it shall appear to the Government that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, at the Government's request, apply for and accept such loan in sufficient amount to repay the Government.

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is on a parity as to liens, pledges and source of and security for payment, and in all other respects, with the Series 1964 Bonds of the City defined in the aforesaid Ordinance.

[CORPORATE SEAL]

CITY OF CHESTER

(Name of Borrower)

(Signature of Executive Official)

ATTEST:

Mayor

(Title of Executive Official)

(Signature of Attesting Official)

City Clerk

(Title of Attesting Official)

Municipal Building

(Post Office Box No. or Street Address)

Chester, West Virginia 26034

(City, State and Zip Code)

RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|--------|------|---------|------|
| (1) \$ | | (6) \$ | |
| (2) \$ | | (7) \$ | |
| (3) \$ | | (8) \$ | |
| (4) \$ | | (9) \$ | |
| (5) \$ | | (10) \$ | |

TOTAL \$ _____

Pay to the Order of _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

(Title)

ARTICLE III

1976 BOND PROCEEDS; REVENUES AND
APPLICATION THEREOF

Section 3.01. 1976 Bond Proceeds; Project Construction Account. All moneys received from the sale of the 1976 Bond and all moneys received under any construction loan shall be deposited on receipt by the City in Hancock County Fed. Savings & Loan Assoc., Chester West Virginia, a member of Federal Savings & Loan Insurance Corporation (FSLIC), in a special account hereby now established and designated as "City of Chester 1976 Waterworks Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FSLIC shall be secured at all times by such bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the City solely for the purposes provided herein.

Until completion of construction of the Project, the City will pay from the Project Construction Account such sums as shall be from time to time required to pay the interest becoming due on the 1976 Bond.

If the City shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the City may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be promptly used in accordance with the regulations of the Government.

Section 3.02. Covenants as to Revenues and Funds.

A. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Sinking Fund established by the 1964 Ordinance and hereby continued, a sum sufficient to pay the entire principal of the Bonds remaining unpaid together with interest accrued thereon, the City further covenants with the holders of the Bonds that it will make the payments and deposits and transfers of funds in accordance with the provisions of the 1964 Ordinance and this Ordinance for the 1976 Bond and the Series 1964 Bonds as hereinafter stated. The gross revenues of the System shall be deposited in the "Water and Sewer Revenue Fund" (the "Revenue Fund") established by the 1964 Ordinance, now on deposit with said Bank and hereby continued. Moneys in the Revenue Fund shall be used only as hereinafter provided and in the order and priority set forth below.

B. The City shall first, each month, from the Revenue Fund, pay and remit to The State Sinking Fund Commission of West Virginia (the "Sinking Fund Commission") for deposit into the "Water and Sewer Revenue Bond, Series 1964," and Interest Sinking Fund (the "Sinking Fund") established by the 1964 Ordinance and hereby continued, the sum of \$1,549, the monthly amount (changed from quarterly amount of \$4,646) required by the 1964 Ordinance on account of the Series 1964 Bonds, and interest only on the 1976

Bond for the first 24 months after the issuance of the 1976 Bond and thereafter, the sum of \$11,072 until there has been accumulated in the Sinking Fund, together with moneys heretofore accumulated therein on account of the Series 1964 Bonds, a sum, in addition to the amounts required for then current payments of principal of and interest on the Bonds, equal to the Reserve Requirement. After the Reserve Requirement has been accumulated in The Sinking Fund, and so long as it is maintained therein, monthly payments into The Sinking Fund on account of the 1976 Bond may be reduced to not less than \$9,226. In the event that the Reserve Requirement is at any time not maintained in the Sinking Fund, the City shall resume monthly payments of \$11,072 on account of the 1976 Bond and shall make monthly payments of \$1,859 on account of the Series 1964 Bonds, until the Reserve Requirement has again been accumulated in the Sinking Fund.

Moneys in the Sinking Fund shall be used solely and only and are hereby pledged exclusively for the purpose of paying the interest on and the principal of the Bonds.

C. The City shall next, each month, transfer and deposit from the Revenue Fund into the "Depreciation Fund,"

established by the 1964 Ordinance and now on deposit with said Bank, and hereby continued, 10% of the gross revenues collected in each month, less the above provided payments into the Sinking Fund for such month, until the amount in the Depreciation Fund is in the sum of not less than \$280,000, and thereafter, when such sum falls below \$280,000, such payments into the Depreciation Fund shall be resumed.

D. The City shall next, each month, transfer and deposit from the Revenue Fund into the "Operation and Maintenance Fund," established by the 1964 Ordinance and now on deposit with said Bank, and hereby continued, one-third of the amount determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining the System for the then current quarter; provided, that further deposits into the Operation and Maintenance Fund may be made in like manner, but only if and to the extent it may be found to be necessary to pay expenses actually accrued and payable.

E. When all the transfers and payments above provided have been made, any balance remaining in the Revenue Fund in excess of estimated amounts to be transferred and paid into the Sinking Fund, the Depreciation Fund and the Operation and Maintenance Fund during the succeeding six months shall be deemed and considered surplus revenues, and all or any part of such surplus revenues may be paid into the Sinking Fund or may be used for extensions and improvements to the System, but shall not be available for any other purpose.

Surplus revenues deposited in the Sinking Fund, so long as the Reserve Requirement is maintained in the Sinking Fund, may be used by the City to prepay principal installments of the 1976 Bond as herein provided or, with the written consent of the Government obtained in advance, to purchase any available Series 1964 Bonds at a discount.

All moneys in the Revenue Fund, the Depreciation Fund and the Operation and Maintenance Fund shall constitute trust funds in favor of the bondholders and until used as herein provided the bondholders shall have a lien thereon for further securing payment of the Bonds and the interest thereon but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FSLIC in such funds shall at all times be secured to the full extent thereof in excess of such insured sum in a manner lawful for securing deposits of state and municipal funds under the laws of the State of West Virginia.

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

The City shall direct the said Bank to keep moneys in the Depreciation Fund invested and reinvested to the fullest extent practicable in direct obligations of or obligations the payment of the principal of and interest on which are guaranteed by the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Depreciation Fund shall be credited to that Fund.

ARTICLE IV
GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bonds shall be outstanding and unpaid, the covenants and agreements contained herein and in the 1964 Ordinance as hereby amended shall be and constitute valid and legally binding covenants between the City and the Bondholders.

Section 4.02. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of without the prior written consent of the Government. Such consent will specify the use of the proceeds of any such disposition.

Section 4.03. Covenant Against Encumbrances. The City will not issue any obligations whatsoever payable from the revenues of the System without the prior written consent of the Government.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity Bonds payable out of the revenues of the System shall be issued after the issuance of the 1976 Bond pursuant hereto, except upon prior written consent of the Government.

Section 4.05. Insurance and Bonds. The City hereby covenants and agrees that, so long as the Series 1976 Bond remains outstanding, it will, as an expense of operation and maintenance of the System, procure, carry and maintain insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, on all above-ground structures of the System in an amount equal to the actual cost thereof. In the event of any damage to or destruction of any portion of the System, the City will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The City will itself, or will require that each contractor

dealing directly with the City ("prime contractor"), obtain and maintain builder's risk insurance to protect the interests of the City during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than \$500,000 for persons injured or killed in one accident to protect the City from claims for bodily injury and/or death, and not less than \$200,000 from claims for damage to property of others which may arise from the City's operation of the System, such insurance to be procured at the commencement of construction of the Project.

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

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

(E) Fidelity Bonds will be provided as to every member of the Council and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the City in an amount at least equal to the total funds in the custody of any such person at any one time, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned.

(f) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 1976 Bond is outstanding, the City will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the City, and during such construction will require each prime contractor to carry insurance, of such types and in such amounts as the Government may specify, with insurance carriers or bonding companies acceptable to the Government.

Section 4.06. Provisions of Certain Sections of 1964 Ordinance Apply. Sections 6, 7, 8, 9, 10, 11, 12, 13 and 14 of the 1964 Ordinance, except as herein modified, amended or supplemented, shall continue to apply so long as any Bonds are outstanding.

Section 4.07. Initial Connections. The Bond will not be issued until there are not less than 1322 bona fide customers connected with the waterworks of the System.

Section 4.08. Arbitrage Covenant. The proceeds of the 1976 Bond will not be invested in such a way as to violate the operating rules in the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

Section 4.09. Statutory Mortgage Lien. A statutory mortgage lien upon the System is granted and created by the Act in favor of the Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges;

Rules. A. The initial schedule of rates and charges for the services and facilities of the System shall be as follows:

SCHEDULE NO. 1

AVAILABILITY OF SERVICE

Available for all domestic and commercial use.

RATE

| | | | | |
|----------|---------|------------------------|--------|------------------|
| First | 10,000 | gallons used per month | \$2.10 | per 1,000 gallon |
| Next | 40,000 | gallons used per month | 1.90 | per 1,000 gallon |
| Next | 75,000 | gallons used per month | 1.60 | per 1,000 gallon |
| Next | 375,000 | gallons used per month | .95 | per 1,000 gallon |
| All Over | 500,000 | gallons used per month | .58 | per 1,000 gallon |

MINIMUM CHARGE

The above schedule is subject to a minimum charge of six and 33/100 dollars (\$6.30) per month.

PROMPT PAYMENT DISCOUNT

The above schedule, including minimum charge, is subject to a ten percent (10%) penalty if account is not paid in full within twenty (20) days of date of bill.

FAILURE TO PAY

If any bill is not paid within thirty (30) days after date, water service to the Customer will be discontinued. Water Service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

MULTIPLE OCCUPANCY

On apartment buildings, or other multiple occupancy buildings, each family or business unit shall be required to pay not less than the minimum monthly charge herein established for a five-eighths inch meter. Motels and hotels shall pay according to the size of meter installed.

TRAILER COURTS

House trailer courts shall be provided with a master meter. No bill shall be rendered for less than six dollars (\$6.00) multiplied by the number of units situated on the court site at the time the meter is read or the actual charge for the size meter installed, whichever is greater. House trailer (as used hereinabove) shall include both mobile and immobile units.

House trailers, either mobile or immobile, located on sites other than a park or court, shall be billed in the same manner as any other family or business unit.

SCHEDULE NO. 2

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for industrial service.

RATE

| | | | |
|----------|--------------------------------|--------|-------------------|
| First | 10,000 gallons used per month | \$2.10 | per 1,000 gallons |
| Next | 40,000 gallons used per month | 1.90 | per 1,000 gallons |
| Next | 75,000 gallons used per month | 1.60 | per 1,000 gallons |
| Next | 375,000 gallons used per month | .95 | per 1,000 gallons |
| All Over | 500,000 gallons used per month | .53 | per 1,000 gallons |

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

| | | |
|------------------|---------|-----------|
| 5/8 inch meter | \$ 6.30 | per month |
| 1 inch meter | 16.10 | per month |
| 1-1/2 inch meter | 36.30 | per month |
| 2 inch meter | 64.50 | per month |
| 3 inch meter | 145.15 | per month |
| 4 inch meter | 253.05 | per month |
| 6 inch meter | 580.60 | per month |

PROMPT PAYMENT DISCOUNT

The above schedule including minimum charge, is subject to a ten percent (10%) penalty if account is not paid in full within twenty (20) days of date of bill.

FAILURE TO PAY

If any bill is not paid within thirty (30) days after date, water service to the Customer will be discontinued. Water service will not be restored until all past due water bills have been paid in full and all accrued penalties plus a reconnection charge have been paid.

SCHEDULE NO. 3

Applicable in entire territory served.

AVAILABILITY OF SERVICE

Available for public fire protection.

RATE

Seventy Dollars (\$70.00) per hydrant per annum.

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

None.

SCHEDULE NO. 4

Applicable in entire territory.

AVAILABILITY OF SERVICE

Available for private fire protection.

RATE

Each Hydrant \$100.00 per year

Sprinkler Service and inside hose connections

| | |
|-----------------------|-----------------|
| 1 1/2 inch connection | 114.00 per year |
| 2 inch connection | 192.00 per year |
| 4 inch connection | 286.00 per year |
| 6 inch connection | 500.00 per year |
| 8 inch connection | 800.00 per year |

PROMPT PAYMENT DISCOUNT OR DELAYED PAYMENT PENALTY

None

SCHEDULE NO. 5

CONNECTION CHARGE

Prior to Award of Construction Contract - \$50.00

Subsequent to Award of Construction Contract - There shall be a charge for connection to the system of one hundred dollars (\$100.00), or actual cost of installation, including materials and labor, whichever is greater. A deposit of \$250.00 will be required before the connection is made.

RECONNECTION CHARGE

\$5.00

B. The City will not render or cause to be rendered any free services of any nature by the System nor any of the facilities; and in the event that the City or any department, agency, officer or employee thereof should avail itself or themselves of the services of facilities of the System, the same fees, rates and charges applicable to other customers receiving like services under similar circumstances shall be charged, such charges shall be paid as they accrue, and revenues so received shall be deposited and accounted for in the same manner as other revenues of the System.

C. The City may require any applicant for any service by the System to deposit a reasonable and equitable amount to insure payment of all charges for the services rendered by the System, which deposit shall be handled and disposed of under the applicable rules and regulations of the Public Service Commission of West Virginia.

D. No allowance or adjustment in any bill for use of the services and facilities of the System shall be made for any leakage occurring on the customer's side of any water meter.

E. The City shall not be liable to any customer for any damage resulting from bursting or breakage of any line, main, pipe, valve, equipment or part or from discontinuance of the operation of any part of the System or from failure of any part thereof for any cause whatsoever.

F. In case of emergency, the City shall have the right to restrict the use of any part of the System in any reasonable manner for the protection of the System and the inhabitants of the City.

G. The fees, rates and charges above provided will be increased whenever such increase is necessary in order to comply fully with all provisions hereof, and the City shall always be obligated to and shall fix, establish and collect fees, rates and charges for the services and facilities of the System which shall at all times be sufficient to provide net revenues to meet its obligations hereunder, but not less than 135% of the average annual debt service on the Bonds so long as the Series 1964 Bonds are outstanding, and thereafter not less than 110%.

H. The City will not accept payment of a water or a sewer bill separately, when the customer concerned owes for both water and sewer services. For non-payment of charges for water or sewer services, or both, the City, after notice of discontinuance in accordance with the applicable Public Service Commission rules and regulations, will shut off water service and lock the meter, and will restore service only upon payment of all water and sewer charges and accrued penalties.

ARTICLE VI

MISCELLANEOUS

Section 6.01. Modification or Amendment. No material modification or amendment of this Ordinance, or of any ordinance amendatory hereof or supplemental hereto, may be made without the consent in writing of the Government.

Section 6.02. Award of 1976 Bond. The 1976 Bond is hereby awarded to the Government.

Section 6.03. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions of this Ordinance should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions, and shall in no way affect the validity of all the other provisions hereof or the Bonds or coupons appertaining thereto.

Section 6.04. Conflicting Provisions Repealed. All ordinances, resolutions and orders, or parts thereof, in conflict

with the provisions hereof are, to the extent of such conflicts, hereby repealed, including provisions of the 1964 Ordinance but not the Series 1964 Bond. It is hereby determined that the changes in the procedures prescribed in the the 1964 Ordinance contemplated hereby are advantageous to the holders of the Series 1964 Bonds and in no way detrimental to the interests or security of such holders. The provisions of this section shall not apply to the form FmHA 442-47 Loan Resolution (Public Bodies) adopted by the City.

Section 6.05. 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 6.06. Effective Time. This Ordinance shall take effect following public hearing hereon in accordance with the Act.

Section 6.07. Statutory Notice and Public Hearing. Upon enactment hereof, an abstract of this Ordinance determined by the Council to contain sufficient information of the contents of this Ordinance, shall be published once a week for two successive weeks within a period of fourteen consecutive days, with a least six full days intervening between each publication, in The Panhandle Press, a newspaper published and of general circulation in the City, together with a notice stating that this Ordinance has been enacted and that a certified copy of this Ordinance is on file with the Council in the office of the City Clerk for review by interested persons during office hours of the City Clerk, and that the City contemplates the issuance of the 1976 Bond, and that any person interested may appear before the Council upon a date

certain, not less than ten days subsequent to the date of the second publication of the said Ordinance and notice, and present protests. At such hearing, all objections and suggestions shall be heard and the Council shall take such action as it shall deem proper in the premises.

Passed on First Reading November 15, 1977

Passed on Second and
Final Reading December 13, 1977

Effective following public hearing held on the date of Second and Final Reading stated above.

Frank Decapio
Mayor

John Fred Morris
City Clerk



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AN ORDINANCE providing for the issuance of Water and Sewer Revenue Bonds, Series 1964, of the City of Chester, West Virginia, to the amount of \$357,000 for the purpose of constructing extensions and improvements to the combined waterworks and sewerage system; setting forth the terms and conditions upon which such bonds and any additional bonds payable from the revenues of said consolidated and combined works and system shall be issued and outstanding, and providing for the payment of such bonds and interest thereon from such revenues.

* * * * *

WHEREAS the works and facilities supplying water for public, domestic and commercial purposes and supplying sewer services in and to the City of Chester, West Virginia are owned and operated by said city and have been heretofore combined and consolidated into a combined waterworks and sewerage system, and in that connection said city has heretofore issued and presently has outstanding:

\$156,000 principal amount of 2% Waterworks Revenue Bonds, dated October 1, 1946, pursuant to ordinance adopted September 4, 1946, which by their terms are payable from and secured by the revenues derived from the portion of said combined waterworks and sewerage system supplying water services in and to said city;

and for the security of which a redemption account and reserve is being maintained in the amounts and manner as prescribed by said ordinance; and

WHEREAS it is deemed advisable and for the best interests of said city that essential extensions and improvements to said consolidated and combined system be constructed, and in that connection there be issued Water and Sewer Revenue Bonds, Series 1964, of said city in the principal amount of Three Hundred Fifty-Seven Thousand Dollars (\$357,000), which will be subject to the vested rights and ^{outstanding} priorities in favor of the Waterworks Revenue Bonds, dated October 1, 1946, all as permitted and provided by Article 13 of Chapter 8 of the West Virginia Code, and as hereinafter provided; and

WHEREAS the necessary extensions and improvements to said sewerage system are briefly described as installation of interceptor sewers, lift stations, pump stations, and a sewage treatment plant with all necessary appurtenances, which extensions and improvements

are more fully described in the report dated July 8, 1964, of A. R. Todd Associates, Inc., Consulting Engineers, now on file with the City Clerk; and

WHEREAS the period of usefulness of the contemplated project consisting of said combined waterworks and sewerage system, including the extensions and improvements, is determined to be not less than forty years from the adoption of this ordinance; and

WHEREAS it is the desire and intention that provision be made in and by this ordinance for the issuance of such Water and Sewer Revenue Bonds, Series 1964, to the amount of Three-Hundred Fifty-Seven Thousand Dollars (\$357,000) to pay the cost thereof, not otherwise provided, with the balance of such cost to be paid from funds to be made available pursuant to a federal grant, and to prescribe restrictions and conditions whereunder similar bonds may be subsequently issued ranking on a parity therewith;

NOW, THEREFORE, Be It Ordained by the Common Council of the City of Chester, West Virginia, as follows:

Section 1. That all proceedings heretofore taken relating to the combining of the existing waterworks system and sewerage system into a consolidated and combined waterworks and sewerage system as permitted by Article 13 of Chapter 8 of the West Virginia Code, be and the same are hereby ratified and confirmed, and all proceedings heretofore taken by or on behalf of the City of Chester with regard to the construction of the extensions and improvements to said combined waterworks and sewerage system as hereinbefore set forth including engineering, are hereby ratified and confirmed and declared to be the acts of the City of Chester.

Section 2. That for the purpose of paying the cost, not otherwise provided, of constructing the extensions and improvements, all as referred to in the preamble hereof, there are hereby authorized to be issued under the provisions of the Constitution and laws of the State of West Virginia, including Article 13 of

Chapter 8 of the West Virginia Code, Water and Sewer Revenue Bonds, Series 1964, of said city in the principal amount of \$357,000 dated August 1, 1964, consisting of 357 bonds numbered consecutively from 1 to 357, inclusive, of the denomination of \$1,000, and maturing in numerical order on April 1 of the respective years as follows:

| <u>Year</u> | <u>Amount</u> | <u>Year</u> | <u>Amount</u> |
|-------------|---------------|-------------|---------------|
| 1966 | \$4,000 | 1986 | \$ 9,000 |
| 1967 | 4,000 | 1987 | 9,000 |
| 1968 | 4,000 | 1988 | 10,000 |
| 1969 | 5,000 | 1989 | 10,000 |
| 1970 | 5,000 | 1990 | 10,000 |
| 1971 | 5,000 | 1991 | 11,000 |
| 1972 | 5,000 | 1992 | 11,000 |
| 1973 | 5,000 | 1993 | 12,000 |
| 1974 | 5,000 | 1994 | 12,000 |
| 1975 | 6,000 | 1995 | 12,000 |
| 1976 | 6,000 | 1996 | 12,000 |
| 1977 | 6,000 | 1997 | 13,000 |
| 1978 | 6,000 | 1998 | 14,000 |
| 1979 | 7,000 | 1999 | 15,000 |
| 1980 | 7,000 | 2000 | 15,000 |
| 1981 | 7,000 | 2001 | 16,000 |
| 1982 | 7,000 | 2002 | 16,000 |
| 1983 | 8,000 | 2003 | 16,000 |
| 1984 | 8,000 | 2004 | 16,000 |
| 1985 | 8,000 | | |

provided, that said bonds numbered 43 to 357, inclusive (maturities of 1975 to 2004, inclusive), shall be optional for redemption by said city on any interest payment date prior to maturity on or after April 1, 1974, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon terms of par and accrued interest plus a redemption premium of three per cent (3%) of the principal amount thereof. Redemption as aforesaid of any or all of said bonds shall be effective upon notice identifying the bonds to be redeemed having been published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York.

Said bonds numbered 1 to 110, inclusive, shall bear interest from the date thereof at the coupon rate of four per cent (4%) per annum, and bonds numbered 111 to 357, inclusive, at the coupon rate

of four and one-quarter per cent (4-1/4%) per annum. All interest at the coupon rate shall be evidenced by proper interest coupons attached to each of said bonds and to be payable October 1, 1964 and semiannually thereafter on the first days of April and October in each year.

Both principal and semi-annual interest shall be payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holders of the respective bonds and interest coupons at the principal office of the First National City Bank in the City of New York, New York. Said bonds shall be signed by the Mayor and sealed with the corporate seal of said city and attested by the City Clerk and the interest coupons attached to said bonds shall be executed with the facsimile signatures of said Mayor and said City Clerk and said officials, by the execution of said bonds, shall adopt as and for their own proper signatures their respective facsimile signatures on said coupons. All of said bonds, together with the interest thereon, and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth, shall be payable only out of the Water and Sewer Revenue Bonds, Series 1964, and Interest Sinking Fund hereinafter created and shall be a valid claim of the holder thereof only against said fund and the fixed portion or amount of the revenues of the combined waterworks and sewerage system pledged to such fund, all subject, however, to the priorities and vested rights in favor of the security and payment from the income and revenues of that portion of the combined waterworks and sewerage system furnishing water services of the presently outstanding Waterworks Revenue Bonds, dated October 1, 1946. The City of Chester as a municipality shall not be obligated to pay any of said bonds hereby authorized or any interest thereon, except from said fund.

Section 3. That upon presentation at the office of the City Clerk of said city of any of said bonds same may be registered as to principal in the name of the owner on the books in his office, such registration to be noted on the reverse side of the bonds by the City Clerk and thereafter the principal of such registered bonds shall be payable only to the registered holder, his legal representatives or assigns. Such registered bonds shall be transferable to another registered holder or back to bearer only upon presentation to the City Clerk with a legal assignment duly acknowledged or proved. Registration of any of such bonds shall not affect the negotiability of the coupons thereto attached but such coupons shall be transferable by delivery merely.

Section 4. That said bonds and coupons and provisions for registration shall be in substantially the following form:

(Form of Bond)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
COUNTY OF HANCOCK
CITY OF CHESTER
WATER AND SEWER REVENUE BOND
SERIES 1964

Number _____ \$1,000

KNOW ALL MEN BY THESE PRESENTS that the City of Chester, in the County of Hancock and State of West Virginia for value received, hereby promises to pay to bearer or, if this bond be registered, to the registered holder hereof, as hereinafter provided, out of the special fund hereinafter referred to, the sum of One Thousand Dollars (\$1,000) on the first day of April _____, and in like manner to pay from said fund interest on said sum from the date hereof until paid at the rate of _____ per cent (_____%) per annum, payable October 1, 1964 and semiannually thereafter on the first days of April and October in each year,

except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto; all such interest accruing on and prior to the maturity date of this bond to be paid upon presentation and surrender of the annexed interest coupons as the same severally mature, both principal and interest being payable in lawful money of the United States of America at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder hereof, at the principal office of the First National City Bank in the City of New York, New York.

This bond is one of an authorized series numbered 1 to 357, inclusive, in the aggregate principal amount of Three Hundred Fifty-Seven Thousand Dollars (\$357,000) authorized by ordinance adopted by the Common Council of said city, for the purpose of constructing extensions and improvements to the consolidated and combined municipal waterworks and sewerage system of said city, and this bond has been issued pursuant to and in accordance with the laws of the State of West Virginia including, among others, Article 13 of Chapter 8 of the West Virginia Code.

The bonds of said series numbered 43 to 357, inclusive, shall be optional for redemption by said city prior to maturity on any interest payment date on or after April 1, 1974, in whole, or from time to time in part in the inverse order of their maturity (less than all of a single maturity to be selected by lot), upon terms of par and accrued interest plus a redemption premium of three per cent (3%) of the principal amount thereof. In order to effect such redemption notice thereof identifying the bonds to be redeemed will be published at least once not less than thirty days prior to such redemption date in a newspaper or financial journal of general circulation published in the City of New York, New York. Each and all of said bonds when so called for redemption shall cease to bear

interest on such redemption date, provided funds for redeeming such bonds and paying the accrued interest shall have been duly provided.

This bond and the issue of which it forms a part, and including interest thereon, together with any additional bonds ranking on a parity therewith that may be issued under the conditions and restrictions set forth in said ordinance, are payable only from a special fund for that purpose identified as the "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund", derived from and secured by the income and revenues of the combined waterworks and sewerage system of said city, subject, however, to the vested rights and priorities in favor of the security and payment from the income and revenues of that portion of the combined waterworks and sewerage system furnishing water service for payment of the presently outstanding Waterworks Revenue Bonds dated October 1, 1946. This bond and the series of which it forms a part does not constitute an indebtedness of the City of Chester within the meaning of any constitutional or statutory limitation, nor shall said city be obligated to pay said bonds except from said income and revenues. Said city covenants and recognizes its legal obligation to fix such rates for service of said combined waterworks and sewerage system and account for income and revenues therefrom sufficient to promptly pay the interest and redemption fund requirements for said Waterworks Revenue Bonds, dated October 1, 1946, payable from and secured by prior charges and pledges aforesaid so that there will remain a balance sufficient to promptly pay the principal of and interest on this bond and the issue of which it forms a part.

This bond shall be fully negotiable but may be registered as to principal only in the name of the holder on the books of said city in the office of its City Clerk, such registration being noted hereon by the City Clerk after which no transfer shall be valid unless made on said books and similarly noted on the bond, but may be discharged from such registration by being transferred to bearer, after which it shall be transferable by delivery but may

again be registered as before. The registration of this bond as to principal shall not restrain the negotiability of the coupons by delivery merely.

This bond is exempt from taxation by the State of West Virginia and any county or municipality therein.

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 city, does not exceed any limit prescribed by the Constitution or Statutes of the State of West Virginia, and that a sufficient portion of the revenues of said consolidated and combined waterworks and sewerage system, after allowance for the vested rights and priorities aforesaid, has been pledged to and will be set aside into said special fund by said city for the payment of this bond and the issue of which it forms a part and interest thereon as the same become due.

IN WITNESS WHEREOF the City of Chester, in the State of West Virginia, has caused this bond to be signed by its Mayor and its corporate seal to be hereunto affixed, attested by its City Clerk and the coupons hereto attached to be executed with the facsimile signatures of said Mayor and said City Clerk, which officials by the execution of this bond do adopt as and for their own proper signatures their respective facsimile signatures appearing on said coupons, and this bond to be dated the first day of August, 1964.

Mayor

Attest:

City Clerk

(Form of Coupon)

Number _____ \$ _____

On the first day of _____, 19____, the City of Chester, West Virginia, will pay to bearer _____ Dollars (\$ _____) out of its "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund" at the office of the State Sinking Fund Commission of West Virginia, in the City of Charleston, West Virginia, or at the option of the holder hereof, at the principal office of the First National City Bank in the City of New York, New York, as provided in and being interest then due on its Water and Sewer Revenue Bond, Series 1964, dated August 1, 1964, Number _____.

Mayor

Attest:

City Clerk

(Form of Registration Certificate)

| Date of Registration | In Whose Name Registered | Signature of City Clerk |
|----------------------|--------------------------|-------------------------|
| : | : | : |
| : | : | : |
| : | : | : |
| : | : | : |
| : | : | : |

Section 5. That the bonds hereby authorized be executed as herein provided as soon after the adoption of this ordinance as may be and shall thereupon be sold and delivered to Magnus & Company pursuant to the agreement heretofore entered into under date of February 14, 1964 for the purchase of said bonds the terms and conditions of which are in all respects hereby ratified and confirmed and found to be for the best interests of said city and to represent a sale of said bonds upon a net interest cost basis of less than the statutory maximum of six per cent per annum. The proceeds of the bonds hereby authorized, exclusive of accrued interest, shall be

applied to the extent necessary in paying the cost, not otherwise provided, of constructing the extensions and improvements to the combined waterworks and sewerage system as referred to in the preamble hereof. The proceeds of said bonds thus set apart for construction costs shall be paid out only upon certification by the engineer employed by the city to supervise the construction of the aforesaid extensions and improvements to the effect that the respective amounts of such expenditures represent amounts due and payable for materials furnished or work or services performed in accordance with the plans and specifications therefor. Pending expenditure such proceeds shall be deposited in a bank or banks, and each such deposit to the extent it causes the aggregate deposits by said city in any such bank to be in excess of \$10,000 shall be secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia, or by pledge of direct obligations or by guaranteed bonds or securities of the United States of America having a market value equivalent to such excess. If it be determined at any time that the amount of bond proceeds being held for construction costs is in excess of the amount necessary to be disbursed therefrom for the authorized purpose during the ensuing six months such excess may be invested in interest bearing bonds or other direct and general obligations of the United States of America having a maturity date or being subject to retirement at the option of the holder not more than one year subsequent to the date of such investment, and all such investments as well as all income therefrom shall be carried to the credit of such construction fund. Any surplus remaining after accomplishing the aforesaid purposes shall be converted into the "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund", hereinafter identified. All accrued interest which may be received from the sale of the bonds hereby authorized shall be converted into said "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund."

Section 6. That all proceedings preliminary to and in connection with the issuance of said presently outstanding Waterworks Revenue Bonds dated October 1, 1946 whereby provision was made for the operation of that portion of said combined waterworks and sewerage system furnishing water service on a revenue producing basis and for the segregation, allocation, custody, and application of revenues derived from the operation thereof and for the enforcement and payment of said bonds, except as in this ordinance otherwise provided, are hereby ratified and confirmed and shall continue in force and inure to the security and benefit of the bonds herein authorized to the same extent and with like force and effect as if such provision and proceedings were herein set out in full, provided, that from and after the issuance of any of the bonds herein authorized the income and revenues of said combined waterworks and sewerage system shall be set aside into a separate and special fund to be designated as the "Water and Sewer Revenue Fund"; provided, further, that so long as there are outstanding and unpaid Waterworks Revenue Bonds dated October 1, 1946 a separate accounting shall be kept of the amount of the income and revenues from that portion of said combined waterworks and sewerage system supplying water services, and out of such separate accounting there shall be set apart at the times and in the manner prescribed by the ordinance adopted September 4, 1946, and the amount to be so set aside into "The Waterworks Bond and Interest Redemption Account" to be not less than \$17,057.50 in each year in equal quarterly installments, for the interest on said bonds dated October 1, 1946, and to accomplish the retirement thereof at or before maturity. Subject to the foregoing the income and revenues of said combined waterworks and sewerage system shall be used and apportioned as follows:

A. There shall be and there is hereby created an account or fund to be known and designated as "Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund" (hereinafter sometimes

referred to as "sinking fund" into which there shall be set aside on or before ~~September~~ ^{DECEMBER} 15, 1931, and quarterly thereafter the sum of not less than \$5,575; provided that when there shall have been accumulated and so long as there is being maintained a balance in said sinking fund equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds then outstanding which by their terms are payable from said sinking fund, such quarterly payments into said sinking fund may be reduced to not less than the sum of \$4,646.

The amount by which any such payment in any year exceeds the amount of interest and principal as it becomes due shall be held in said account as a reserve for contingencies and used solely as herein provided.

At or before the time of issuance of any additional bonds ranking on a parity with the bonds herein authorized under the conditions and restrictions hereinafter set forth provision shall be made for the payment into said sinking fund for meeting the interest and principal requirements of such additional bonds and for increasing the amount of the reserve for contingencies in said sinking fund to an amount equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds hereby authorized and such additional bonds which by their terms are payable from said redemption account.

No further payments need be made into said sinking fund after such amount of the bonds shall have been retired that the amount then held in such fund (including the reserve for contingencies) is equal to the entire amount of the interest and principal and premium (if any) that will be payable at the time of their maturity or redemption on all of the bonds then remaining outstanding.

If for any reason the town shall fail to make any such payments into such sinking fund, as aforesaid, any sums then held as a reserve for contingencies shall be used for the payment of any

portion of the interest or principal as to which there would otherwise be default, but such reserve shall be reimbursed therefor from the first available payments made into the sinking fund in the following quarter or quarters in excess of the required payment. All moneys in said sinking fund shall be remitted to the State Sinking Fund Commission of West Virginia with appropriate instructions and restrictions that same be used and applied to the payment of the interest on and retirement of said bonds.

Such payments into said fund shall be made in equal quarterly installments on or before the 15 days of September, December, March and June of each year, except that when the 15 day of any such month shall be a Sunday or a legal holiday then such payments shall be made on the next succeeding secular day.

The Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund aforesaid, shall be used solely and only and is hereby pledged exclusively for the purpose of paying the interest on and accomplishing retirement of the bonds herein authorized to be issued and any additional bonds ranking on a parity therewith that may be hereafter issued under the conditions and restrictions hereinafter set forth at or before maturity.

B. From the balance of the income and revenues of said combined waterworks and sewerage system remaining after the aforesaid payments into the sinking fund there shall be set aside annually in equal quarterly installments ten per cent (10%) of such balance into a fund to be known as the "Depreciation Fund". The required minimum level for this fund shall be at least \$50,000. Whenever withdrawals are made from said fund reducing the balance therein to less than \$50,000, the aforesaid prescribed payments shall continue to be made therein so as to restore the amount to at least \$50,000. Said Depreciation Fund shall be used for the purpose of paying the cost of renewals to and replacements of properties of said combined waterworks and sewerage system or to the extent not required for such

purpose for the purpose of paying the cost of additions to and extensions of such properties, and provided also that withdrawals and disbursements shall be made from said Depreciation Fund to meet the payment of the principal of or interest on any revenue bonds payable from said sinking fund to whatever extent and if for any reason funds in said sinking fund are insufficient for that purpose. No withdrawals shall be made from said fund except for purposes authorized by this paragraph.

All funds in the Depreciation Fund shall be kept apart from all other municipal funds and shall be deposited in banks and each such deposit which causes the aggregate deposits of said town in any one bank to be in excess of \$10,000 shall be continuously secured by a surety bond or bonds furnished by a surety company or companies qualified or authorized to do business in West Virginia, or by a valid pledge of direct obligations of the United States having an equivalent market value, or may be invested in direct obligations or guaranteed bonds or securities of the United States of America having a maturity date or being subject to redemption at the option of the holder not more than ten years from the date of investment therein, and all such investments as well as income therefrom shall be carried to the credit of said fund.

C. There shall be and there is hereby created a fund known as the "Operation and Maintenance Fund", and from the balance of the income and revenues remaining after the aforesaid payments into the sinking fund and the Depreciation Fund there shall be set aside on the 15 day of each quarter into said fund such amount as may be determined to be necessary and sufficient to pay the reasonable and current expenses of operating and maintaining said combined waterworks and sewerage system for the current quarter. After said 15 day of each quarter further transfers may be made in like

manner but only if and to the extent it may be found to be necessary to pay such expenses actually accrued and payable.

When all the specified and required transfers and payments into the special funds hereinbefore provided have been made, if there is a balance of income and revenues remaining in said "Water and Sewer Revenue Fund" in excess of estimated amounts to be so transferred and paid into said special funds during the succeeding six months, such excess shall be deemed and considered surplus revenues, and all or any part of such excess may be paid into the sinking fund or may be used for extensions and improvements to said combined waterworks and sewerage system, and such surplus shall not be available for any other purpose.

Section 7. That said city acting by and through its Council or other governing body, or through the State Sinking Fund Commission of West Virginia, hereby reserves the right from time to time to purchase any or all of the bonds hereby authorized and then outstanding and available for such purchase; provided, that no such purchases shall be made at prices exceeding the price at which the bonds thus purchased shall be redeemable in the same year, and provided further, that unless all of the bonds outstanding are to be retired no such purchases or redemption shall be made of bonds prior to maturity from funds in said Water and Sewer Revenue Bond, Series 1964, and Interest Sinking Fund which will reduce the balance in said account to less than an amount equal to the maximum amount of principal and interest becoming due in any two years for account of the bonds then outstanding which by their terms are payable from said sinking fund.

Section 8. While any of the bonds authorized hereunder remain outstanding and unpaid it is further covenanted and agreed by said city with the holders thereof that it will perform all duties with reference to said combined system required hereunder and by the Constitution and the Statutes of the State of West Virginia,

and said city hereby irrevocably covenants, binds and obligates itself not to sell, lease, or in any manner dispose of said combined system or abandon the same until all the bonds issued hereunder shall have been paid in full, both principal and interest, or unless and until provision shall have been made for the payment of said bonds and the interest thereon in full, and said city further covenants and agrees with the holders of said bonds to maintain in good condition and to operate said combined system and establish and maintain just and equitable rates or charges for the use and service rendered thereby, so that the aggregate of such rates and charges shall always be sufficient at all times to meet the payments provided for in Section 6 hereof.

Section 9. The bonds authorized to be issued hereunder and from time to time outstanding shall not be entitled to priority one over the other in the application of the revenues of said combined system, regardless of the time or times of their issuance, it being the intention of the Council that there shall be no priority among the bonds authorized to be issued under the provisions of this ordinance, regardless of the fact that they may be actually issued and delivered at different times.

Said city hereby reserves the rights and privilege of issuing additional bonds from time to time payable from the revenues of said combined waterworks and sewerage system ranking on a parity with the bonds herein authorized, subject to the conditions and restrictions set forth in either of the following numbered paragraphs of this section:

1. Such additional parity bonds may be issued to pay the balance of the cost of the extensions and improvements to the combined system, as hereinbefore identified, in the event the proceeds derived from the issuance and sale of the bonds herein authorized are insufficient for that purpose; provided that prior to the issuance of any such additional parity bonds under the provisions of

this numbered paragraph there shall have been procured and filed with the City Clerk a certificate of A. R. Todd Associates, Inc., Consulting Engineers, or some other engineer or firm of engineers of national reputation in the field of sanitary engineering, and licensed in West Virginia, generally explaining the reason for the deficiency in the bond proceeds and recommending the issuance of the additional bonds in the amount proposed and provided further and in no event shall more than \$1,000 principal amount or 3% of the principal amount of the additional parity bonds issued under the provisions of this numbered paragraph (whichever amount is the greater) be scheduled to mature on any principal maturity date prior to and including April 1, 2004.

2. Such additional parity bonds may be issued in order to pay the costs of future extensions and improvements to said combined waterworks and sewerage system; provided that before any such additional parity bonds are issued under the provisions of this numbered paragraph, there shall have been procured and filed with the City Clerk a statement by an independent certified public accountant not in the regular employ of the city reciting the opinion based upon necessary investigation that the net income and revenues of said combined system for twelve consecutive months out of the eighteen months preceding the issuance of said additional parity bonds were equal to at least 1.35 times the maximum amount that will become due in any succeeding calendar year for both principal and interest on the bonds then outstanding and the bonds then proposed to be issued. "Net income and revenues" as herein used are defined as gross income and revenues less operating expenses, which shall include salaries, wages, cost of maintenance and operation, materials and supplies, pumping costs and insurance, as well as all other items that are normally and regularly so included under recognized accounting practices, exclusive of allowances for depreciation. The "net income and revenues" may be adjusted for the purpose of the foregoing

computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds and also to reflect any increase in such net income and revenues by reason of the extensions and improvements to said combined waterworks and sewerage system, the cost of which is to be paid through the issuance of such additional parity bonds, but such latter adjustment shall only be made if contracts for the immediate construction or acquisition of such extensions and improvements have been or will be entered into prior to the issuance of such additional parity bonds. So long as any of said Waterworks Revenue Bonds, dated October 1, 1946, are outstanding, the annual interest and principal requirements for account thereof shall be included in making the foregoing computations. All such adjustments shall be based upon written certification of an independent consulting engineer or firm of consulting engineers of national reputation in the field of waterworks and sanitary engineering and licensed in West Virginia.

The interest payment dates for all such additional parity bonds shall be semiannually on April 1 and October 1 of each year, and the principal maturities thereof shall be on April 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds (sometimes herein referred to as "permitted" to be issued), the issuance of which is restricted and conditioned by this section, shall be understood to mean bonds payable from the income and revenues of said combined waterworks and sewerage system on a parity with the bonds herein specifically authorized and shall not be deemed to include or prohibit the issuance of other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the sinking fund for account of the bonds authorized or permitted to be issued hereunder. So long as any of the bonds authorized by this ordinance or any additional parity bonds remain outstanding no

other bonds or other obligations may be issued or incurred having any priority or preference and except as permitted and provided by this section no other bonds or obligations may be incurred ranking on a parity therewith.

Section 10. In so far as consistent with the laws of West Virginia, said city agrees that so long as any of the bonds hereby authorized remain outstanding it will keep proper books of record and account, separate from all other municipal records and accounts, showing complete and correct entries of all transactions relating to said combined system, and will cause such books of record and account to be audited annually by an independent certified public accountant. A copy of each such audit shall be furnished to the original purchaser of the bonds hereby authorized and copies thereof shall be made available for any bondholder requesting same. The holders of any of said bonds shall have the right at all reasonable times to inspect the combined system and all records, accounts and data relating thereto. The city hereby further agrees to furnish quarterly to the original purchaser of the bonds hereby authorized, on such forms as may be supplied by said purchaser, a copy of each letter of transmittal from the city to the State Sinking Fund Commission accompanying the remittance of said city of its quarterly payment into the sinking fund, as hereinbefore provided, and a quarterly financial report in reasonable detail compiled by persons in the regular employ of the city covering the operation of said combined system and the income and disbursements for account of said combined system for such period.

Said city hereby covenants and agrees with the holder or holders of the bonds herein authorized to be issued or any of them that it will keep the operation of the combined system and the property constituting it insured in responsible insurance companies to the extent similar insurance would ordinarily be carried if the combined system and property was privately owned. All expenses

and costs of insurance shall be an expense of operation and maintenance.

Section 11. While the bonds authorized hereunder or any of them remain outstanding and unpaid the rates for all services rendered by the said combined waterworks and sewerage system to said city and to its citizens, corporations or others whose property is connected thereto, shall be reasonable and just, taking into account and consideration the cost and value of said combined system and the cost of maintaining and operating the same and the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds, and there shall be charged against all such citizens, corporations and others and including said city, such rates and amounts for water and for sewer service as shall be adequate to meet the requirements of this and the preceding sections hereof. Compensation for any services rendered to said city shall be charged against the city and payment for same from the corporate funds shall be made quarterly into the special fund created by this ordinance as other income and revenues, and shall be apportioned to operation and maintenance, depreciation, bond and interest redemption funds and sinking funds as such other income and revenues.

Section 12. That for the further protection of the holders of the bonds herein authorized to be issued and the coupons thereto attached, a statutory mortgage lien upon said combined waterworks and sewerage system and all properties connected therewith and extensions thereof and belonging thereto is granted and created by Article 13 of Chapter 8 of the West Virginia Code, which said statutory mortgage lien is hereby recognized and declared to be valid and binding upon the City of Chester, and all the property constituting the combined waterworks and sewerage system of said city as provided by law, and shall take effect immediately upon the delivery of any bonds authorized to be issued under the provisions of

this ordinance, all subject, however, to the priorities and vested rights in favor of said presently outstanding Waterworks Revenue Bonds dated October 1, 1946. Any holder of said bonds or of any of the coupons may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect the statutory mortgage lien hereby conferred, and may by suit, action, mandamus, or other proceedings, enforce and compel performance of all duties required by law and this ordinance, including the making and collecting of sufficient rates and segregation of the income and revenues and the application thereof.

If there be any default in the payment of the principal of or interest on any of said bonds then, upon the filing of suit by any holder of said bonds or of any of the coupons, any court having jurisdiction of the action may appoint a receiver to administer said combined system on behalf of the city with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against said combined system, and for the payment of the operating expenses, and to apply the income and revenues in conformity with this ordinance and the provisions of said statutory laws of West Virginia aforesaid.

Section 13. That for the purpose of assuring the original purchasers and any subsequent holder or holders of the bonds authorized or permitted to be issued hereunder as may be outstanding from time to time of an efficient management, control and operation of said combined waterworks and sewerage system said city hereby covenants and agrees that so long as any of said bonds are outstanding, the management, control and operation of said combined system will be vested in and carried out by a Water-Sewerage Board of the City of Chester created, appointed and functioning pursuant to an ordinance adopted concurrently with this ordinance and which ordinance shall not be repealed or amended so long as any of said bonds are outstanding.

Section 14. The provisions of this ordinance shall constitute a contract between the city and the holders of the bonds herein authorized to be issued, and after the issuance of any of the bonds no change, variation or alteration of any kind of the provisions of this ordinance shall be made in any manner except as herein provided until such time as all of said bonds issued hereunder and the interest thereon have been paid in full.

Section 15. That all acts heretofore performed and proceedings heretofore taken not inconsistent with the provisions of this ordinance with respect to the operation of the combined system as a self-liquidating and revenue producing municipal public works and enterprise, are hereby ratified and confirmed as applicable to the bonds hereby authorized, and it is certified that all acts required to be performed and proceedings required to be taken for the issuance and delivery of bonds as herein contemplated, have been duly and legally performed and taken in the manner and form required by law, and particularly Article 13 of Chapter 8 of the West Virginia Code. All provisions of law and proceedings of the Common Council of said city inuring to the security and to the source and enforcement of payment of the bonds hereby authorized shall prevail and be applicable to said bonds although such provisions may not be set out in this ordinance.

Section 16. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this ordinance.

Section 17. All ordinances, resolutions and orders, or parts thereof in conflict with the provisions of this ordinance are, to the extent of such conflict, hereby repealed.

Section 18. That inasmuch as there is no newspaper published in the City of Chester, the City Clerk upon adoption of this ordinance, is hereby authorized and directed to cause this

ordinance to be posted in at least three public places in the City of Chester, and if no petition or protest be filed as permitted and provided by law, this ordinance shall be in full force and effect ten (10) days after such posting.

Introduced, Aug. 25, 1964.

Adopted and approved, Sept. 1, 1964.

Henry Adams
Mayor

Attest:

Ray Cashdollar
City Clerk

Recorded:

Sept. 1, 1964
Ray Cashdollar
City Clerk



.....

WDA-5
(March 1988)

LOAN AGREEMENT

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

CITY OF CHESTER

W I T N E S S E T H:

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges with respect to water development projects in the event of default by governmental agencies in the terms and covenants of

loan agreements, and the Governmental Agency hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Loan Agreement.

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

CITY OF CHESTER

[Proper Name of Governmental Agency]

(SEAL)

By Roy Cashdollar
Its MAYOR

Attest:

Date: MAY 9 1988

[Signature]
Its CLERK

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: June 24, 1988

Daniel B. York
Secretary-Treasurer

WDA-5X
(March 1988)

SCHEDULE X
DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds \$ 1,133,851.00
Purchase Price of Local Bonds \$ 1,133,851.00

Interest on the Local Bonds is payable on April 1 and October 1 in each year, beginning with the first semiannual interest payment date after delivery of the Local Bonds to the Authority, until the Local Bonds are paid in full, at the rate of 9 % per annum. Principal of the Local Bonds is payable on October 1 in each year as set forth on Exhibit 1 attached hereto and incorporated herein by reference.

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

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

CITY OF CHESTER SEWER TOTAL BORROWING
 ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER
 ----- 1988 SERIES A BONDS -----

| PERIOD | ENDING | 10/1 COUPON PRIN. | INTEREST | DEBT SERVICE |
|--------|--------|-------------------|--------------|--------------|
| 1988 | 9.00 | | 24,094.34 | 24,094.34 |
| 1989 | 9.00 | | 102,046.59 | 102,046.59 |
| 1990 | 9.00 | 3,669 | 102,046.59 | 105,715.59 |
| 1991 | 9.00 | 3,999 | 101,716.38 | 105,715.38 |
| 1992 | 9.00 | 4,359 | 101,356.47 | 105,715.47 |
| 1993 | 9.00 | 4,751 | 100,964.16 | 105,715.16 |
| 1994 | 9.00 | 5,178 | 100,536.57 | 105,714.57 |
| 1995 | 9.00 | 5,644 | 100,070.55 | 105,714.55 |
| 1996 | 9.00 | 6,152 | 99,562.59 | 105,714.59 |
| 1997 | 9.00 | 6,707 | 99,008.91 | 105,715.91 |
| 1998 | 9.00 | 7,310 | 98,405.28 | 105,715.28 |
| 1999 | 9.00 | 7,968 | 97,747.38 | 105,715.38 |
| 2000 | 9.00 | 8,685 | 97,030.26 | 105,715.26 |
| 2001 | 9.00 | 9,467 | 96,248.61 | 105,715.61 |
| 2002 | 9.00 | 10,319 | 95,396.58 | 105,715.58 |
| 2003 | 9.00 | 11,248 | 94,467.87 | 105,715.87 |
| 2004 | 9.00 | 12,259 | 93,455.55 | 105,714.55 |
| 2005 | 9.00 | 13,362 | 92,352.24 | 105,714.24 |
| 2006 | 9.00 | 14,565 | 91,149.66 | 105,714.66 |
| 2007 | 9.00 | 15,876 | 89,838.81 | 105,714.81 |
| 2008 | 9.00 | 17,305 | 88,409.97 | 105,714.97 |
| 2009 | 9.00 | 18,863 | 86,852.52 | 105,715.52 |
| 2010 | 9.00 | 20,560 | 85,154.85 | 105,714.85 |
| 2011 | 9.00 | 22,411 | 83,304.45 | 105,715.45 |
| 2012 | 9.00 | 24,428 | 81,287.46 | 105,715.46 |
| 2013 | 9.00 | 26,626 | 79,088.94 | 105,714.94 |
| 2014 | 9.00 | 29,023 | 76,692.60 | 105,715.60 |
| 2015 | 9.00 | 31,634 | 74,080.53 | 105,714.53 |
| 2016 | 9.00 | 34,482 | 71,233.47 | 105,715.47 |
| 2017 | 9.00 | 37,585 | 68,130.09 | 105,715.09 |
| 2018 | 9.00 | 40,968 | 64,747.44 | 105,715.44 |
| 2019 | 9.00 | 44,656 | 61,060.32 | 105,716.32 |
| 2020 | 9.00 | 48,674 | 57,041.28 | 105,715.28 |
| 2021 | 9.00 | 53,055 | 52,660.62 | 105,715.62 |
| 2022 | 9.00 | 57,826 | 47,885.67 | 105,711.67 |
| 2023 | 9.00 | 63,034 | 42,681.33 | 105,715.33 |
| 2024 | 9.00 | 68,709 | 37,008.27 | 105,716.27 |
| 2025 | 9.00 | 74,891 | 30,824.55 | 105,715.55 |
| 2026 | 9.00 | 81,632 | 24,084.36 | 105,716.36 |
| 2027 | 9.00 | 88,979 | 16,737.48 | 105,716.48 |
| 2028 | 9.00 | 96,993 | 8,729.37 | 105,722.37 |
| | | 1,133,851 | 3,115,190.96 | 4,249,041.96 |

SCHEDULE Y
REVENUES

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

(i) to pay Operating Expenses of the System;

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

1. "EPA" means the United States Environmental Protection Agency and any successors to the functions thereof.
2. "Local Statute" means Chapter 16, Article 13, of the Code of West Virginia, 1931, as amended.
3. "System" means a sewage collection system and/or treatment plant or plants, intercepting sewers, outfall sewers, force mains, pumping stations, ejector stations and all appurtenances necessary or useful and convenient for the collection and/or a treatment, purification and disposal, in a sanitary manner, of liquid and solid waste, sewage, night soil and industrial wastes, in its entirety or any integral part thereof, owned by the Governmental Agency and under the supervision and control of a sanitary board, and any extensions, improvements or betterments thereto hereafter constructed or acquired from any sources whatsoever and includes the Project.

Additional Conditions and Covenants

1. The Governmental Agency agrees that it will at all times provide operation and maintenance of the System to comply with, among other State and federal standards, the water quality standards established by the West Virginia Department of Natural Resources and EPA.
2. The Governmental Agency agrees that it will permit the EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof.
3. As a condition precedent to the Authority's making the Loan, the Governmental Agency shall have obtained, among other permits required, permits from the EPA and the West Virginia Department of Natural Resources and approval of the "Part B" supplement to its EPA grant agreement.

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

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

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

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

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

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

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

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

WDA-Supp. 5
(March 1988)

SUPPLEMENTAL LOAN AGREEMENT

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

CITY OF CHESTER

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions; Loan Agreement

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Supplemental Loan; Issuance of Supplemental Bonds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

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

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

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

(b) Covenants substantially as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4.4 The Supplemental Loan shall not bear interest.

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

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

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

ARTICLE V

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

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF CHESTER

[Proper Name of Governmental Agency]

(SEAL)

By Ray Cashdollar
Its MAYOR

Attest:

Date: MAY 3, 1988

[Signature]
Its CLERK

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

(SEAL)

By Edgar N. Henry
Director

Attest:

Date: June 24, 1988

Daniel B. [Signature]
Secretary-Treasurer

WDA-Supp. 5X
(March 1988)

SCHEDULE X
DESCRIPTION OF SUPPLEMENTAL BONDS

| | |
|--|----------------------|
| Principal Amount of Supplemental Bonds | \$ <u>283,463.00</u> |
| Purchase Price of Supplemental Bonds | \$ <u>283,463.00</u> |

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

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

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

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER

-----1988 SERIES A BONDS -----

ZERO
COUPON
BONDS

| | |
|------|----------|
| 1988 | |
| 1989 | |
| 1990 | 7,268.00 |
| 1991 | 7,268.00 |
| 1992 | 7,268.00 |
| 1993 | 7,268.00 |
| 1994 | 7,268.00 |
| 1995 | 7,268.00 |
| 1996 | 7,268.00 |
| 1997 | 7,268.00 |
| 1998 | 7,268.00 |
| 1999 | 7,268.00 |
| 2000 | 7,268.00 |
| 2001 | 7,268.00 |
| 2002 | 7,268.00 |
| 2003 | 7,268.00 |
| 2004 | 7,268.00 |
| 2005 | 7,268.00 |
| 2006 | 7,268.00 |
| 2007 | 7,268.00 |
| 2008 | 7,268.00 |
| 2009 | 7,268.00 |
| 2010 | 7,268.00 |
| 2011 | 7,268.00 |
| 2012 | 7,268.00 |
| 2013 | 7,268.00 |
| 2014 | 7,268.00 |
| 2015 | 7,268.00 |
| 2016 | 7,268.00 |
| 2017 | 7,268.00 |
| 2018 | 7,268.00 |
| 2019 | 7,268.00 |
| 2020 | 7,268.00 |
| 2021 | 7,268.00 |
| 2022 | 7,268.00 |
| 2023 | 7,268.00 |
| 2024 | 7,268.00 |
| 2025 | 7,268.00 |
| 2026 | 7,268.00 |
| 2027 | 7,268.00 |
| 2028 | 7,279.00 |

283,463.00

SCHEDULE Y
REVENUES

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

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

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

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

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

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

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

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

SCHEDULE Z

Additional and Supplemental Definitions

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

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

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

Additional Conditions and Covenants

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

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

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

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

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

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

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

Public Service Commission Of West Virginia



201 Brooks Street, P. O. Box 912
Charleston, West Virginia 25323

June 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Honorable Roy Cashdollar, Mayor
The City of Chester
375 Carolina Avenue
Chester, West Virginia 26034

Re: Case No. 87-606-S-CN

Dear Mayor Cashdollar:

We are enclosing herewith two (2) copies of the final order entered by the Commission today which grants The City of Chester a certificate of convenience and necessity to construct and operate a sanitary sewage treatment and collection system.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard M. Cunningham".

Howard M. Cunningham
Executive Secretary

HMC/s

cc: Mr. A. D. Mastrantoni
Community Development Specialist
Brooke-Hancock-Jefferson Metropolitan Planning Commission
3550 Main Street
Weirton, West Virginia 26062

Vincent Collins, Esq.
Steptoe & Johnson
P. O. Box 2190
Clarksburg, West Virginia 26302-2190

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 1, 1988

CASE NO. 87-606-S-CN

THE CITY OF CHESTER, a municipal corporation, Hancock County.

Application for a certificate of convenience and necessity to construct and operate a sanitary sewage treatment and collection system.

FINAL ORDER

On September 18, 1987, The City of Chester (City), a municipal corporation, filed a duly verified application for a certificate of convenience and necessity to design, construct and operate a secondary sanitary sewage treatment plant and extend sanitary sewage collection lines to the Fairview Road and Third Street areas of Chester, Hancock County. The project will consist of 972 feet of 15-inch gravity sewer line; 676 linear feet of 12-inch gravity sewer line; 11,126 feet of 8-inch gravity sewer line; 69 manholes; storm sewer separation; and a 45 MGD sequencing batch reactor treatment plant in order to extend sanitary sewage collection service to the Fairview Road and Third Street area of Chester.

The revised cost of construction estimate is approximately \$3,881,557. The City expects to finance this amount with a Step II/III Grant from the Environmental Protection Agency in the amount of \$1,993,898 and by a grant from the Community Development Block Grant Program in the

amount of \$750,000. The local share of this financing will be \$1,137,659, which will come from the proceeds of a Water Development Authority bond issue.

The City of Chester indicated that an increase in sewer rates would be necessary to finance the project. It appears from the file that the City passed Ordinance No. 287 on second reading, which occurred on April 18, 1988. No appeal from this rate increase has been filed with the Commission concerning this Ordinance during the 30-day appeal period.

Pursuant to West Virginia Code §24-2-11, The City of Chester was directed by the Commission to give notice of the filing of said application by publishing a copy of the Commission's Order of September 18, 1987, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hancock County, making due return to the Commission of proper certification of publication immediately after such publication. Publication was made in the Weirton Daily Times on September 19, 1987.

It was provided in said order that anyone desiring to make objection to the application must do so, in writing, within thirty (30) days after publication, and if no protests were received within the 30-day period of time, the Commission could waive formal hearing and grant the application based upon the application submitted and the Commission's review thereof. Publication was made as indicated above and as of the date of this order, no protests have been received to the granting of this application.

Pursuant to standard Commission policy, this filing was submitted to the Commission's various operating divisions for their respective review and recommendations. A review of the case file indicates that Staff has made a thorough investigation of this application, including requesting

certain information be supplied by the City. As a result of Staff's investigation of this application, it recommends that the project be approved without hearing as being necessary and properly funded.

FINDINGS OF FACT

1. On September 18, 1987, The City of Chester, a municipal corporation, Hancock County, filed an application for a certificate of convenience and necessity to construct a secondary sanitary sewage treatment facility and extend its collection system to serve the Fairview Road and Third Street areas of Chester, Hancock County.

2. The total estimated project cost will be approximately \$3,881,557. (Staff Internal Memorandum dated May 26, 1988).

3. The project will be financed by a Step II/III Grant from the Environmental Protection Agency in the amount of \$1,993,898; a grant from the Community Development Block Grant Program in the amount of \$750,000; and a local share in the amount of \$1,137,659, which represents the proceeds from a Water Development Authority bond issuance. (Staff Internal Memorandum dated May 26, 1988).

4. The City proposes to utilize the rates and charges that became unappealable on May 18, 1988, and such new tariff will furnish sufficient funds to meet the additional costs associated with the provision of the City's local share of the cost of this project.

5. The City of Chester is under a court-ordered mandate from the Environmental Protection Agency to upgrade its sanitary sewage treatment facility to meet current federal standards. (Application).

6. Staff has reviewed this filing, and the information supplied therewith, and has recommended the granting of this application, without hearing thereon.

7. The City has submitted an Affidavit of Publication indicating that publication requirements of West Virginia Code §24-2-11 have been met. As of the date of this order, no written protest to the granting of this application has been received.

CONCLUSIONS OF LAW

Based upon a review of this application and all the information contained in the case file, the Administrative Law Judge (ALJ) is of the opinion, finds and concludes:

1. That there exists a public need for the proposed sanitary sewage treatment facility and extension of collection system to serve the Fairview Road and Third Street areas of Chester, Hancock County.

2. Public convenience and necessity will best be served by the issuance of a certificate of convenience and necessity to the Applicant for the proposed project.

3. The City of Chester has provided adequate and proper notice to the public of this application.

4. The proposed financing for this project is reasonable and should be approved.

5. The City of Chester's proposed use of the rate that became uncontestable on May 18, 1988, is reasonable and will provide adequate funding for the City's local share of the total project cost.

6. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11.

7. The issuance of a certificate of convenience and necessity should be valid for this project as proposed.

ORDER

IT IS, THEREFORE, ORDERED that:

1. Formal hearing on this matter be waived, pursuant to West Virginia Code §24-2-11, for the reason that no protests were received after publication and there remain no outstanding issues to be litigated.

2. The proposed financing of this project is hereby approved.

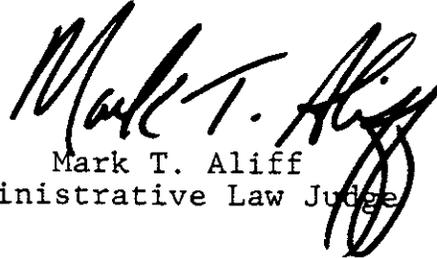
3. A certificate of convenience and necessity be, and it hereby is, granted to The City of Chester to construct a 45 MGD sequencing batch reactor treatment plant and sufficient collection system to provide secondary treatment services to the City and extend sanitary sewage service to the Fairview Road and Third Street areas of Chester, Hancock County.

4. If any substantial changes in the scope of this project and/or funding become necessary after being received, the City shall notify the Commission of that fact, and furnish information and relevant data pertaining thereto.

5. The Executive Secretary of the Commission shall serve a copy of this order upon the Applicant by United States Certified Mail, return receipt requested, and upon the Commission Staff by hand delivery.

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.



Mark T. Aliff
Administrative Law Judge

MTA:cjf



J. Steven Hunter,
General Counsel

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

June 24, 1988

(304) 340-0317
Writer's Direct Call: 340-

Mayor Roy Cashdollar
City of Chester
City Building
375 Carolna Avenue
Chester, WV 26034

Dear Mayor Cashdollar:

As you are no doubt aware, the Public Service Commission recently granted the City of Chester's application for a certificate of convenience and necessity. As a result, the City may now begin construction of its proposed sewer project.

Since approval of this project was recommended, Staff does not anticipate any further action in this case. Specifically, Staff has no plans to file any petitions for a reopening of the City's case. As far as Staff is concerned, the ALJ's Final Order of June 1, 1988, has effectively closed this proceeding. Thus, the City may proceed to tie up whatever loose ends remain in order to get this project moving.

Sincerely,

A handwritten signature in cursive script that reads "Steven Hamula".

STEVEN HAMULA
Staff Attorney

SH/mh

cc: George J. Anetakis, Esquire
Vince Colins, Esquire
Butch Mastrantoni

6A

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, DANIEL B. YONKOSKY, Secretary-Treasurer of West Virginia Water Development Authority, for and on behalf of West Virginia Water Development Authority (the "Authority") and ROY CASHDOLLAR, Mayor of the City of Chester (the "Issuer"), hereby certify as follows:

1. On the 6th day of July, 1988, the Authority received the entire original issue of \$1,417,314 in aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), issued as a single, fully registered Bond of each Series, numbered AR-1 and BR-1, respectively, both dated July 6, 1988, the Series 1988 A Bond being in the principal amount of \$1,133,851 and the Series 1988 B Bond being in the principal amount of \$283,463.

2. At the time of such receipt of the Bonds upon original issuance, all of the Bonds had been executed by Roy Cashdollar, as Mayor of the Issuer, by his manual signature, and by Sally Riley, as City Clerk of the Issuer, by her manual signature, and the official seal of the Issuer had been affixed upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Bonds, of the proceeds of the Series 1988 A Bonds in the aggregate amount of \$1,133,851 and proceeds of the Series 1988 B Bonds in the aggregate principal amount of \$283,463 (100% of par value), there being no interest accrued on either series.

IN WITNESS WHEREOF, Daniel B. Yonkosky duly signed and delivered this receipt on behalf of WEST VIRGINIA WATER DEVELOPMENT AUTHORITY and the CITY OF CHESTER has caused this receipt to be duly executed and delivered by its Mayor, as of this 6th day of July, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By Daniel B. Yonkosky
Secretary-Treasurer

CITY OF CHESTER

By Roy Ashdollar
Mayor

07/05/88
CHEC01-L



CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
Charleston,
West Virginia

Ladies and Gentlemen:

There are delivered to you herewith:

(1) Bond No. AR-1, constituting the entire original issue of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, in the principal amount of \$1,133,851 and Bond No. BR-1, constituting the entire original issue of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, in the principal amount of \$283,463 both dated July 6, 1988 (collectively, the "Bonds"), executed by the Mayor and City Clerk of the City of Chester (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance and Supplemental Resolution duly enacted and adopted by the Issuer (collectively, the "Local Act");

(2) A copy of the Local Act authorizing the above Bond issue, duly certified by the City Clerk of the Issuer;

(3) Executed counterparts of the loan agreement and the supplemental loan agreement, both dated June 24, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement");

(4) A signed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the account of the Issuer of the sum of \$1,417,314, representing the agreed aggregate purchase price of the Bonds, there being no accrued interest thereon. Prior to such delivery of the Bonds, you will please cause the Bonds to be

8

authenticated by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated this 6th day of July, 1988.

CITY OF CHESTER

By Ray Cashdollar
Mayor

07/05/88
CHECO1-M

(SPECIMEN BOND - SERIES 1988 A)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 A

No. AR-1

\$1,133,851

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 THIRTY-THREE THOUSAND EIGHT HUNDRED FIFTY-ONE DOLLARS (\$1,133,851), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1988. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 24, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the bonds of this series (the "Bonds") during the construction of the Project and for approximately four months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental Resolution, duly enacted and adopted by the Issuer on June 21 and July 5, 1988, respectively (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 concurrently with the Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, of the Issuer (the "Series 1988 B Bonds"), issued in the aggregate principal amount of \$283,463, which Series 1988 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds, moneys in the Reserve Account (the "Series 1988 A Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds and the Series 1988 B Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a

corporate indebtedness of the 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 Gross Revenues, the moneys in the Series 1988 A Bonds Reserve Account and unexpended proceeds of this Bond and the Series 1988 B Bond. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds, the Series 1988 B Bonds, and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds or the Series 1988 B Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 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 the Series 1988 B Bonds and any other obligations outstanding prior to or on a parity with the Bonds or the Series 1988 B 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 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated July 6, 1988.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: July 6, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A
SCHEDULE OF ANNUAL DEBT SERVICE

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL BUYER
 -----1988 SERIES A BONDS -----

| PERIOD ENDING | 10/1 COUPON PRIN. | INTEREST | DEBT SERVICE |
|------------------|-------------------|--------------|-----------------|
| 1988 | 9.00 | 24,094.34 | 24,094.34 |
| 1989 | 9.00 | 102,046.59 | 102,046.59 |
| 1990 | 9.00 | 3,669 | 105,715.59 |
| 1991 | 9.00 | 3,999 | 105,715.38 |
| 1992 | 9.00 | 4,359 | 105,715.47 |
| 1993 | 9.00 | 4,751 | 105,715.16 |
| 1994 | 9.00 | 5,178 | 105,714.57 |
| 1995 | 9.00 | 5,644 | 105,714.55 |
| 1996 | 9.00 | 6,152 | 105,714.59 |
| 1997 | 9.00 | 6,707 | 105,715.91 |
| 1998 | 9.00 | 7,310 | 105,715.28 |
| 1999 | 9.00 | 7,968 | 105,715.38 |
| 2000 | 9.00 | 8,685 | 105,715.26 |
| 2001 | 9.00 | 9,467 | 105,715.61 |
| 2002 | 9.00 | 10,319 | 105,715.58 |
| 2003 | 9.00 | 11,248 | 105,715.87 |
| 2004 | 9.00 | 12,259 | 105,714.55 |
| 2005 | 9.00 | 13,362 | 105,714.24 |
| 2006 | 9.00 | 14,565 | 105,714.66 |
| 2007 | 9.00 | 15,876 | 105,714.81 |
| 2008 | 9.00 | 17,305 | 105,714.97 |
| 2009 | 9.00 | 18,863 | 105,715.52 |
| 2010 | 9.00 | 20,560 | 105,714.85 |
| 2011 | 9.00 | 22,411 | 105,715.45 |
| 2012 | 9.00 | 24,428 | 105,715.46 |
| 2013 | 9.00 | 26,626 | 105,714.94 |
| 2014 | 9.00 | 29,023 | 105,715.60 |
| 2015 | 9.00 | 31,634 | 105,714.53 |
| 2016 | 9.00 | 34,482 | 105,715.47 |
| 2017 | 9.00 | 37,585 | 105,715.09 |
| 2018 | 9.00 | 40,968 | 105,715.44 |
| 2019 | 9.00 | 44,656 | 105,716.32 |
| 2020 | 9.00 | 48,674 | 105,715.28 |
| 2021 | 9.00 | 53,055 | 105,715.62 |
| 2022 | 9.00 | 57,826 | 105,711.67 |
| 2023 | 9.00 | 63,034 | 105,715.33 |
| 2024 | 9.00 | 68,708 | 105,716.27 |
| 2025 | 9.00 | 74,891 | 105,715.55 |
| 2026 | 9.00 | 81,632 | 105,716.36 |
| 2027 | 9.00 | 88,979 | 105,716.48 |
| 2028 | 9.00 | 96,993 | 105,722.37 |
| | 1,133,851 | 3,115,190.96 | 4,249,041.96 |

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:

07/05/88
CHECO3-B



(SPECIMEN BOND - SERIES 1988 B)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHESTER
SEWER REVENUE BOND, SERIES 1988 B

No. BR-1

\$283,463

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia in Hancock 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 EIGHTY-THREE THOUSAND FOUR HUNDRED SIXTY-THREE DOLLARS (\$283,463), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated June 24, 1988.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage 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. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 of the West Virginia Code of 1931, as amended (the "Act"), and an Ordinance and Supplemental

Resolution, duly enacted and adopted by the Issuer on June 21 and July 5, 1988, respectively (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, OF THE ISSUER (THE "SERIES 1988 A BONDS"), ISSUED CONCURRENTLY HEREWITH IN THE AGGREGATE PRINCIPAL AMOUNT OF \$1,133,851 AND DESCRIBED IN THE BOND LEGISLATION.

THIS BOND IS ALSO JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE ISSUER'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 1964, DATED AUGUST 1, 1964, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$357,000 AND COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1976, DATED DECEMBER 16, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,879,000 (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Gross Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Gross Revenues all payments then due and owing on account of the Prior Bonds and the Series 1988 A Bonds and by all moneys in the Reserve Account (the "Series 1988 B Bonds Reserve Account") created under the Bond Legislation for the Bonds, and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Gross Revenues, the moneys in the Series 1988 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year



equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Bonds, the Series 1988 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1988 A Bonds or the Bonds, including the Prior Bonds, provided however, that so long as there exists in the Series 1988 B Bonds Reserve Account and the reserve account established for the Series 1988 A Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1988 A Bonds in the then current or any succeeding year, and any reserve account for any such prior or parity obligations, including the Prior Bonds, is funded at least at 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements as 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 owners of the Bonds, which lien is subordinate to the lien in favor of the registered owners of the Series 1988 A Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond,

together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the 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 CHESTER has caused this Bond to be signed by its Mayor and its corporate seal to be hereunto affixed hereon and attested by its City Clerk, and has caused this Bond to be dated July 6, 1988.

[SEAL]

Mayor

ATTEST:

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1988 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: July 6, 1988

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

ANALYSIS OF 7.50% BORROWING COST FOR LOCAL ISSUER

-----1988 SERIES A BONDS -----

ZERO
COUPON
BONDS

| | |
|------|----------|
| 1988 | |
| 1989 | |
| 1990 | 7,268.00 |
| 1991 | 7,268.00 |
| 1992 | 7,268.00 |
| 1993 | 7,268.00 |
| 1994 | 7,268.00 |
| 1995 | 7,268.00 |
| 1996 | 7,268.00 |
| 1997 | 7,268.00 |
| 1998 | 7,268.00 |
| 1999 | 7,268.00 |
| 2000 | 7,268.00 |
| 2001 | 7,268.00 |
| 2002 | 7,268.00 |
| 2003 | 7,268.00 |
| 2004 | 7,268.00 |
| 2005 | 7,268.00 |
| 2006 | 7,268.00 |
| 2007 | 7,268.00 |
| 2008 | 7,268.00 |
| 2009 | 7,268.00 |
| 2010 | 7,268.00 |
| 2011 | 7,268.00 |
| 2012 | 7,268.00 |
| 2013 | 7,268.00 |
| 2014 | 7,268.00 |
| 2015 | 7,268.00 |
| 2016 | 7,268.00 |
| 2017 | 7,268.00 |
| 2018 | 7,268.00 |
| 2019 | 7,268.00 |
| 2020 | 7,268.00 |
| 2021 | 7,268.00 |
| 2022 | 7,268.00 |
| 2023 | 7,268.00 |
| 2024 | 7,268.00 |
| 2025 | 7,268.00 |
| 2026 | 7,268.00 |
| 2027 | 7,268.00 |
| 2028 | 7,279.00 |

283,463.00

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

07/05/88
CHECO3-C



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

—
CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

July 6, 1988

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

—
OF COUNSEL
ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

—
WRITER'S DIRECT DIAL NUMBER

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

City of Chester

Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Chester (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of \$1,133,851 Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, dated the date hereof (the "Local Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 24, 1988, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Local Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Local Bonds are originally issued in the form of one bond, registered as to principal and interest to the Authority, with interest payable April 1 and October 1 of each year, commencing October 1, 1988, at the rate of 9.0% per annum, and with principal installments payable on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Loan Agreement and incorporated in and made a part of the Local Bonds.

//

The Local Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) to pay interest on the Local Bonds for a period of approximately 18 months; (iii) to fund a reserve account for the Local Bonds; and (iv) to pay certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Issuer on June 21, 1988, as supplemented by a supplemental resolution adopted July 5, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement that has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

1. The Issuer is a duly organized and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to construct and acquire the Project, to operate and maintain the System referred to in the Loan Agreement and to issue and sell the Local Bonds, all under the Local Statute and other applicable provisions of law.
2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the consent of the Authority.
3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer. The Local Act contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.
4. The Local Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Local Act and secured by a lien on and pledge

of the Gross Revenues of said System, junior and subordinate, however, with respect to lien, pledge and sources of and security for payment to the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of \$357,000 and Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of \$1,879,000 (collectively, the "Prior Bonds"), all in accordance with the terms of the Local Bonds and the Local Act.

5. The interest on the Local Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989) for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Local Bonds.

6. The Local Bonds are, under the Local Statute, exempt from direct taxation by the State of West Virginia or any county, municipality, political subdivision or agency thereof, and the interest on the Local Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia.

7. The Final Order of the Public Service Commission of West Virginia entered June 1, 1988 (Case No. 87-606-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

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

West Virginia Water Development Authority
Page 4

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

Very truly yours,


STEPTOE & JOHNSON

07/05/88
CHEC01-N

STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

OF COUNSEL

ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

July 6, 1988

City of Chester

Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B

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

Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Chester (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia of \$283,463 Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B, dated the date hereof (the "Supplemental Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a supplemental loan agreement, dated June 24, 1988, including all schedules and exhibits attached thereto (the "Supplemental Loan Agreement"), between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Supplemental Bonds, which are to be purchased by the Authority in accordance with the provisions of the Supplemental Loan Agreement. The Supplemental Bonds are originally issued in the form of one bond registered as to principal to the Authority, without interest thereon, with principal payable in installments on October 1 in each of the years 1990 through 2028, inclusive, all as set forth in "Schedule X," attached to the Supplemental Loan Agreement.

The Supplemental Loan Agreement is supplemental to a loan agreement also dated June 24, 1988, between the Issuer and the Authority (the "Loan Agreement"). The Supplemental Bonds are junior, subordinate and inferior as to lien, pledge and source of and security for payment to the bonds issued pursuant to the Loan Agreement and designated "Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A" (the "Local Bonds"), which Local

Bonds are issued simultaneously herewith, and to the Issuer's outstanding Water and Sewer Revenue Bonds, Series 1964, dated August 1, 1964, issued in the original aggregate principal amount of \$357,000 and Combined Waterworks and Sewerage System Revenue Bonds, Series 1976, dated December 16, 1977, issued in the original aggregate principal amount of \$1,879,000 (collectively, the "Prior Bonds").

The Supplemental Bonds are issued, together with the Local Bonds, under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 of the Code of West Virginia, 1931, as amended (the "Local Statute"), for the purposes of (i) permanently financing a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"); (ii) funding a reserve account for the Supplemental Bonds; and (iii) paying certain issuance and other costs in connection therewith.

We have also examined the applicable provisions of the Local Statute, the bond ordinance duly enacted by the Governmental Agency on June 21, 1988, as supplemented by a supplemental resolution adopted July 5, 1988 (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Supplemental Bonds are authorized and issued, and the Supplemental Loan Agreement that has been undertaken. The Supplemental Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Supplemental Loan Agreement.

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

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

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

3. The Local Act and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

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

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

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

7. The Final Order of the Public Service Commission of West Virginia entered June 1, 1988 (Case No. 87-606-S-CN) granting to the Issuer a Certificate of Convenience and Necessity is not subject to appeal to the Supreme Court of Appeals of West Virginia by any customer, protestant or other person who has not been made a party to the original application.

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

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

Very truly yours,


SZEPTOE & JOHNSON



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STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

July 6, 1988

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
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OF COUNSEL

ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

WRITER'S DIRECT DIAL NUMBER

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HERBERT G. UNDERWOOD
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OTIS L. O'CONNOR
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C. DAVID MORRISON
HARRY P. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

City of Chester

Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A

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

Gentlemen:

We have examined a transcript of proceedings relating to the issuance of \$1,133,851 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A (the "Local Bonds"), of the City of Chester (the "Issuer"), and a Certificate as to Arbitrage executed by the Mayor of the Issuer on this date.

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

Accordingly, it is our opinion that, under existing statutes, regulations, rulings and court decisions, the Local Bonds are not "arbitrage bonds" as so defined. It is our further opinion, based upon such Certificate as to Arbitrage and under existing statutes, regulations, rulings and court decisions, that proceeds of the Local Bonds are not subject to the arbitrage rebate requirements set forth in Section 148(f) of the Code.

West Virginia Water Development Authority
Page 2

The opinion set forth above is subject to the condition that the Issuer comply with all requirements of the Code relating to arbitrage that must be satisfied subsequent to the issuance of the Local Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Local Bonds to be so included in gross income retroactive to the date of issuance of the Local Bonds. The Issuer has covenanted to comply with all such requirements.

Very truly yours,


STEPTOE & JOHNSON

07/05/88
CHEC01-P



LAW OFFICES

SELLITTI & NOGAY

SUITE 7, PROFESSIONAL PLAZA

3125 PENNSYLVANIA AVENUE

POST OFFICE BOX 2540

WEIRTON, WEST VIRGINIA 26062

(304) 723-1400

JAMES J. SELLITTI *
MICHAEL EDWARD NOGAY *
JOSEPH G. NOGAY **

DONALD C. SINCLAIR III ***

BRANCH OFFICE
FIFTH & CAROLINA AVENUES
POST OFFICE BOX 356
CHESTER, WEST VIRGINIA 26034
(304) 387-3834

July 6, 1988

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City of Chester
Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

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

Steptoe & Johnson
Post Office Box 2190
Clarksburg, WV 26301

Gentlemen:

I am counsel to the City of Chester, in Hancock County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson, as bond counsel, a loan agreement and supplemental loan agreement, both dated June 24, 1988, by and between the West Virginia Water Development Authority (the "Authority") and the Issuer (collectively, the "Loan Agreement"), the Local Act (as defined therein) and other documents relating to the above-captioned Bonds of the Issuer. Terms used in said opinions, Local Act and Loan Agreement and not otherwise defined herein have the same meanings herein.

I am of the opinion that:

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

2. The Issuer and the Water Sewerage Board of the City of Chester, West Virginia, have been duly created and the Mayor, and the City Clerk and the members of the council of the Issuer have been duly and properly elected or appointed, have taken the requisite oaths, and are authorized to act on behalf of the Issuer. *and are presently existing*

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

SELLITTI & NOGAY

West Virginia Water Development Authority, et al.
Page 2

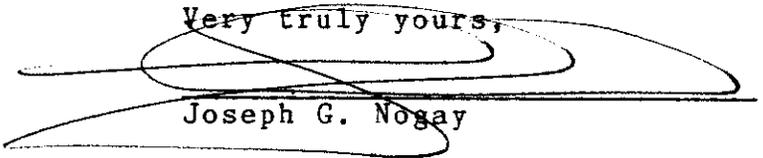
4. The execution and delivery of the Bonds and the Loan Agreement and the consumation of the transactions contemplated by the Loan Agreement, and the carrying out of the terms thereof, do not and will not in any material respect conflict with or constitute on the part of the Issuer a breach of or default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

5. The issuer has received all permits, licenses, approvals and authorizations necessary for the issuance of the Bonds, construction of the Project, operation of the System and imposition of rates and charges, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the enactment of an ordinance prescribing such rates and charges. The time for appeal of such rate ordinance has expired prior to the date hereof without any appeal. The time for appeal of the Final order of the Public Service Commission of West Virginia entered June 1, 1988, (Case No. 87-606-SCN) granting to the Issuer a Certificate of Convenience and Necessity with respect to the Project has expired prior to the date hereof.

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

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

Very truly yours,


Joseph G. Nogay

JGN/slm



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CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

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. GRANTS, ETC.
11. LOAN AGREEMENT
12. RATES
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION AND PUBLIC HEARING ON BOND
ORDINANCE
16. PRIVATE USE OF FACILITIES
17. NO FEDERAL GUARANTY
18. IRS INFORMATION RETURN
19. SPECIMEN BONDS

We, the undersigned MAYOR and CITY CLERK of the City of Chester, in Hancock County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, hereby certify in connection with the \$1,417,314 aggregate principal amount of the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B (collectively, the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined shall have the same meaning as in the Bond Ordinance of the Issuer enacted June 21, 1988, and a Supplemental Resolution adopted July 5, 1988 (collectively, the "Local Act").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, construction of the Project, operation of the System, receipt of the

Gross Revenues, or in any way contesting or affecting the validity of the Bonds or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Gross Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, construction of the Project, operation of the System, or such pledge or application of moneys and security or the collection of the Gross Revenues or pledge thereof.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals and certificates required by law for construction of the Project, operation of the System and issuance of the Bonds have been obtained and remain in full force and effect, and competitive bids for construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the Official 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 and execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement entered into between the Issuer and the Authority. Except for the Prior Bonds, there are no outstanding debt obligations of the Issuer, or obligations for which full and irrevocable provision for payment has not been made, which are secured by revenues or assets of the System.

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

Charter of the City of Chester.

Bond Ordinance.

Prior Bond Ordinances.

Ordinance Creating Water and Sewerage Board

Petition of Water and Sewerage Board

Supplemental Resolution.

Rate Ordinance.

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

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

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

Loan Agreement.

Public Service Commission Order entered June 1, 1988.

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is the "City of Chester." The Issuer is a municipal corporation in Hancock 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 Council consisting of a Mayor and 5 councilmembers whose names and dates of commencement and termination of current terms of office are as follows:

| <u>Name</u> | | <u>Date of Commencement of Office</u> | <u>Date of Termination of Office</u> |
|------------------|-----------------|---------------------------------------|--------------------------------------|
| Roy Cashdollar | - Mayor | July 1, 1988 | July 1, 1990 |
| Jerry DeAngelo | - Councilmember | July 1, 1988 | July 1, 1990 |
| Frank DaCapio | - Councilmember | July 1, 1988 | July 1, 1990 |
| William Tuttle | - Councilmember | July 1, 1988 | July 1, 1990 |
| James Handley | - Councilmember | July 1, 1988 | July 1, 1990 |
| James Paulauskas | - Councilmember | July 1, 1988 | July 1, 1990 |

The names of the duly appointed and acting members of the Water and Sewerage Board of the Issuer are as follows:

| | | |
|----------|---|-------------------------|
| Chairman | - | Roy Cashdollar |
| Member | - | Gary Stevens (Engineer) |
| Member | - | Robert Murray |
| Member | - | Tom Thayer |

The duly appointed and acting City Clerk is Sally Riley. The duly appointed and acting counsel to the Issuer is Joseph Nogay, Weirton, West Virginia.

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

8. MEETINGS, ETC.: All actions, ordinances, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the construction, acquisition, operation and financing of the Project or the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including Chapter 6, Article 9A, of the Official West Virginia Code of 1931, as amended, and a quorum of duly elected, qualified and acting members of the Governing Body was present and acting at all times during all such meetings.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Local Act. All insurance for the System required by the Ordinance is in full force and effect. The System is not presently covered by policies of flood or business interruption insurance, but will be if such coverages are available at reasonable cost.

10. GRANTS, ETC: As of the date hereof, the EPA has committed to the Issuer a grant in the approximate amount of \$2,001,170 and the State of West Virginia (Small Cities Block Grant) has committed to the issuer a grant in the amount of \$750,000. Such grants are in full force and effect as of the date hereof.

11. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which

should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading.

12. RATES: The Issuer has duly enacted a rate ordinance on April 18, 1988, setting rates and charges for the services of the System. Such rate ordinance is presently in full force and effect, the period for appeal of such rate ordinance has expired and there has been no appeal thereof.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor did officially sign all of the Bonds of the aforesaid issue, all dated July 6, 1988, by his manual signature, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon each of said Bonds and to be attested by her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof the Issuer received from the Authority the agreed purchase price of the Bonds, being \$1,417,314 (100% of par value), there being no interest accrued thereon.

15. 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 a newspaper published and of general circulation in the City of Chester, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 21st day of June 1988, at 7:30 p.m., in the Council Chambers of the City Hall of the City of Chester and present protests, and stating that a certified copy of the Ordinance was on file at the office of the Recorder of the Issuer for review by interested parties during the office hours of the Recorder. 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.

16. PRIVATE USE OF FACILITIES: The Issuer shall at all times take, and refrain from taking, and shall not fail to take, any and all actions necessary in order to assure the initial and continued tax-exempt status of the Bonds and the interest thereon. Less than 10% of the proceeds of the Bonds will be used, directly or indirectly, for any private business use, and less than 10% of the payment of principal of, or the interest on, such issue, under the terms of such issue or any underlying arrangement, is, directly or indirectly, secured by any interest in property used or to be used for a private business use, payments in respect of such property, or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use. None of the proceeds of the Bonds will be used, directly or indirectly, for any private business use which is not related to the governmental use of the proceeds of the Bonds, including the disproportionate related business use of the proceeds of the Bonds, and none of the payment of principal on, or the interest on, such issue, under the terms of any underlying arrangement, is, directly or indirectly, secured by any interest in property used, or to be used for a private business use, payments in respect of such property or to be derived from payments (whether or not to the Issuer) in respect of property, or borrowed money, used or to be used for a private business use with respect to such private business use, which is not related to any government use of such proceeds, including the disproportionate business use of the issue of the Bonds. None of the proceeds of the issue of the Bonds will be used, directly or indirectly, to make or finance loans to persons other than governmental units. For purposes of this paragraph, private business use means use, directly or indirectly, in a trade or business carried on by any person other than a governmental unit, other than use as a member of the general public. All of the foregoing shall be determined in accordance with and within the meaning of the Internal Revenue Code of 1986, as amended, including any successor provisions and rules and regulations thereunder.

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

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

19. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

WITNESS our signatures and the official seal of the CITY OF CHESTER on this 6th day of July, 1988.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

Ray Cashdollar

Mayor

Barry Kelly

City Clerk

[Signature]

Counsel to Issuer

07/05/88
CHEC01-R

CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A

CERTIFICATE AS TO ARBITRAGE

I, ROY CASHDOLLAR, Mayor of the City of Chester, in Hancock County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of \$1,133,851 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A, of the Issuer, dated July 6, 1988 (the "Local Bonds"), hereby certify as follows:

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

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

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

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on July 6, 1988, the date on which the Local Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. In the ordinance pursuant to which the Local Bonds are issued, the Issuer has covenanted to make no use of the proceeds of the Local Bonds which would cause the Local Bonds to be "arbitrage bonds" within the meaning of the Code.

6. The Local Bonds and the Series 1988 B Bonds (the "Supplemental Bonds"), which bear no interest, were sold on July 6, 1988, to the West Virginia Water Development Authority (the "Authority") for an aggregate purchase price of \$1,417,314 (100% of par).

7. The Local Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the Issuer (the "Project"), capitalizing interest on and funding a reserve account for the Local Bonds and paying costs of issuance thereof.

8. The Issuer shall, within 30 days following delivery of the Local Bonds, enter into agreements which require the Issuer to expend in excess of \$100,000 on the Project constituting a substantial binding commitment or has already done so. Acquisition, construction and equipping of the Project will proceed with due diligence to completion, and, with the exception of proceeds constituting capitalized interest and proceeds deposited in a reserve account for the Local Bonds, all of the proceeds from the sale of the Local Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before October, 1989. Construction of the Project is expected to be completed by September, 1989.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$4,217,299. Sources and uses of funds for the Project are as follows:

Sources

| | |
|--------------------------------------|--------------------|
| Gross proceeds of Local Bonds | \$1,133,851 |
| Gross proceeds of Supplemental Bonds | 283,463 |
| EPA Grant | 2,001,170 |
| State Grant | 750,000 |
| Local Funds | 48,815 |
| Total Sources | <u>\$4,217,299</u> |

Uses

| | |
|--|------------------------|
| Design, Acquisition and Construction of Project | \$3,928,934 |
| Capitalized interest on Local Bonds | 161,863 |
| Funded Reserve for Local Bonds | 105,723 |
| Funded Reserve for Supplemental Bonds | 7,279 |
| Other Costs of Issuance | 13,500 |
| Total Uses | <u>\$4,217,299</u> |

The amount of Project costs not expected to be reimbursed or paid from grants, Supplemental Bond proceeds and funds of the Issuer lawfully available therefor is estimated to be at least equal to the Gross proceeds of the Local Bonds. Except for the proceeds of the Local Bonds, the Supplemental Bonds, the EPA Grant, the State Grant and Local Funds of \$48,815, no other funds of the Issuer will be available to meet costs of the Project, and no balances are available to meet such costs in any account which may, without legislative or judicial action, be invaded to pay such expenditures without a legislative, judicial or contractual requirement that such account be reimbursed.

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

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Bond Construction Trust Fund;
- (4) Series 1988 A Bonds Sinking Fund, and within the Series 1988 A Bonds Sinking Fund the Series 1988 A Bonds Reserve Account; and
- (5) Series 1988 B Bonds Sinking Fund, and within the Series 1988 B Bonds Sinking Fund the Series 1988 B Bonds Reserve Account.

11. Pursuant to the Local Act the proceeds of the Local Bonds (and the Supplemental Bonds) will be deposited as follows:

- (1) Local Bonds proceeds in the amount of \$161,863 will be deposited in the Sinking Fund as capitalized interest.

(2) Local Bonds proceeds in the amount of \$105,723 and Supplemental Bonds proceeds in the amount of \$7,279 will be deposited in the Series 1988 A Bonds Reserve Account and the Series 1988 B Bonds Reserve Account, respectively.

(3) Local Bonds proceeds in the amount of \$190,367 will be applied to payment of certain advances made to the Issuer for the purpose of temporarily financing a portion of the Costs of the Project.

(4) The balance of the proceeds of the Local Bonds and the Supplemental Bonds will be deposited in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project, including costs of issuance of the Bonds and related costs.

12. Moneys held in the Series 1988 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Local Bonds and will not be available to meet costs of construction of the Project. All investment earnings on moneys in the Series 1988 A Bonds Sinking Fund and Series 1988 A Bonds Reserve Account will be withdrawn therefrom and deposited into the Bond Construction Trust Fund until completion of the Project, and thereafter will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied in full, first to the next ensuing interest payment, if any, due on the Series 1988 A Bonds, and then to the next ensuing principal payment due thereon.

13. Except for the Series 1988 A Bonds Sinking Fund, there are no other funds or accounts established or held by the Issuer which are reasonably expected to be used to pay debt service on the Local Bonds or which are pledged as collateral for the Local Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the Local Bonds, if the Issuer encounters financial difficulties. The Issuer does not expect that moneys in the Renewal and Replacement Fund will be used or needed for payments upon the Local Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts or other investment-type property producing a yield in excess of the yield on the Local Bonds have been or will be pledged to payment of the Local Bonds. None of the moneys received from the sale of the Local Bonds will be deposited in the Series 1988 A Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 1988 A Reserve Account from time to time by the Issuer will not exceed the maximum annual principal and interest on the Local Bonds and will not exceed 125% of average annual principal and interest on the Local Bonds. Amounts in the Series 1988 A Reserve

Account, not to exceed 10% of the proceeds of the Local Bonds, if invested, will be invested without yield limitation. The establishment of the Series 1988 A Reserve Account is required by the Authority, is vital to its purchase of the Local Bonds and is reasonably required to assure payments of debt service on the Local Bonds.

14. The Issuer expects to enter into a contract within 6 months of the date hereof or has already entered into such a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 2 1/2% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the construction of the Project will proceed with due diligence to completion. Construction is expected to be completed within 14 months.

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

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

18. With the exception of the amounts deposited in the Series 1988 A Bonds Sinking Fund for payment of interest on the Local Bonds, and amounts deposited in the Series 1988 A Reserve Account, all of the proceeds of the Local Bonds will be expended on the Project within 15 months from the date of issuance thereof.

19. Any money deposited in the Series 1988 A Bonds Sinking Fund for payment of the principal of or interest on the Local Bonds (other than the Series 1988 A Bonds Reserve Account therein) will be spent within a 13-month period beginning on the date of receipt, and any moneys received from the investment of amounts held in the Series 1988 A Bonds Sinking Fund (other than in the Revenue Account therein) will be spent within a 1-year period beginning the date of receipt.

20. All the proceeds of the Local Bonds which were used for the payment of costs of the Project will be expended for such purposes within three years of April 28, 1988.

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

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

23. The Issuer shall file Form 8038-G or 8038-GC in a timely fashion with the Internal Revenue Service Center, Philadelphia, Pennsylvania, 19255.

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

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

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

27. The Issuer shall not permit at any time or times any of the proceeds of the Local Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Local Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Local Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions and refrain from taking such actions as shall be necessary to comply with the Code in order to ensure the interest on the Local Bonds is excludable from gross income for federal income tax purposes.

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

29. The Issuer has general taxing powers to finance operations of or facilities of the nature of the System, and the Issuer and all subordinate entities reasonably expect to issue less than \$5,000,000 of tax-exempt obligations during the calendar year 1988, excluding "Private Activity Bonds" as such term is defined in the Code.

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

31. The Issuer will rebate to the United States the amount required by the Code and to take all steps necessary to make

such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and obtain a waiver from the Internal Revenue Service in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Local Bonds.

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

33. The Issuer shall comply with the yield restriction on Local Bond proceeds as set forth in the Code.

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

35. The Issuer shall submit to the Issuer within 15 days following the end of the Issuer's bond year a certified copy of its rebate calculation or if the Issuer qualifies for the small governmental issuer exception to rebate, then 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 Local Bonds subject to rebate.

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

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

IN WITNESS WHEREOF, I have set my hand this 6th day of
July, 1988.

CITY OF CHESTER

By *Roy Cashdollar*
Mayor

07/26/88
CHECO1-S



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CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

ENGINEER'S CERTIFICATE

I, Edward R. Deane, Registered Professional Engineer, West Virginia License No. 44457, of Vaughn Consultants, Inc., consulting engineers, of St. Clairsville, Ohio, hereby certify as follows:

1. My firm is engineer for the construction and acquisition of certain additions, betterments and improvements (the "Project") for the existing combined waterworks and sewerage system of the City of Chester in Hancock County, West Virginia (the "Issuer"). Certain costs of such construction and acquisition are being financed by proceeds of the above-captioned bonds (the "Bonds") anticipated to be purchased by the West Virginia Water Development Authority (the "Authority"), funds of the Issuer and certain grant proceeds from the Environmental Protection Agency.

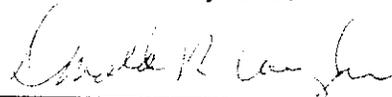
2. I hereby certify that (i) the Project will be constructed in accordance with the approved plans, specifications and designs prepared by my firm, or amendments thereto and as described in the Application submitted to the Authority and approved by all necessary governmental bodies and is situate wholly or chiefly within the boundaries of the City of Chester; (ii) the Project is adequate for the purpose for which it was designed and all necessary governmental approvals for the construction thereof have been obtained; (iii) I have examined and reviewed all plans, specifications, bid documents and construction contracts relating to the Project and all bids for construction of the Project have been received in an amount and are otherwise compatible with the plan of financing described in said Application and I will ascertain that all contractors have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds will be verified for accuracy and completeness prior to commencement of construction of the Project; (iv) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States of America necessary for construction of the Project; (v) the construction and funding for the Project should proceed to a successful conclusion within the time schedules proposed; (vi) the useful life of the facilities constituting the Project is not less than 40 years; (vii) the rates

and charges for the sewerage system of the Issuer comply with the applicable provisions of the Loan Agreement and Supplemental Loan Agreement by and between the Authority and the Issuer; (viii) the net proceeds of the Bonds, together with the proceeds of grants and other moneys on deposit or to be simultaneously deposited and irrevocably committed therefor, will be sufficient to pay the costs of acquisition and construction of the Project as set forth in the application submitted to the Authority as of the date of the Loan Agreement; and (ix) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature on this 6th day of July, 1988.

VAUGHN CONSULTANTS, INC.

By



07/05/88
CHECO1-T

DATE: July 6, 1988

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: W. VA W.D.A.

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

| | | |
|--|--------------|--------------|
| 1. Construction | \$ 3,007,226 | |
| 2. Technical Services | \$ 592,120 | |
| 3. Legal and Fiscal | \$ 26,000 | |
| 4. Administrative | \$ 58,000 | |
| 5. Site and Other Lands | \$ 15,500 | |
| 6. Step I and/or Step II Design or Other Loan Repayment (Specify Type: <u>WDA Step I</u>) | \$ 13,888 | |
| 7. Interim Financing Costs | \$ 31,300 | |
| 8. Contingency | \$ 184,900 | |
| 9. Total of Lines 1 through 8 | | \$ 3,928,934 |

B. Sources of Funds

| | | | |
|--|-----------------------------|--------------|--------------|
| 10. Federal Grants: ¹ (Specify Source) | <u>EPA Step 2/3 Grant</u> | \$ 2,001,170 | |
| 11. State Grants: ¹ (Specify Source) | <u>CDB Grant</u> | \$ 750,000 | |
| | | \$ | |
| | | \$ | |
| 12. Other Grants: ¹ (Specify Source) | | \$ | |
| | | \$ | |
| 13. Any Other Source ² (Specify) | <u>Interim Rate Revenue</u> | \$ 48,815 | |
| | | \$ | |
| 14. Total of Lines 10 through 13 | | | \$ 2,799,985 |
| 15. Proceeds Required from Bond Issue (Line 9 less Line 14) | | | \$ 1,128,949 |

C. Cost of Financing

| | | |
|---|------------|--------------|
| 16. Capitalized Interest (construction period plus six months) | \$ 161,863 | |
| 17. Funded Reserve Account ¹ | \$ 113,002 | |
| 18. Other Costs ⁴ | \$ 13,500 | |
| | \$ | |
| 19. Total Cost of Financing | | \$ 288,365 |
| 20. Size of Bond Issue (Line 15 plus Total from Line 19) | | \$ 1,417,314 |

Vaughn Consultants Inc
by *Donald R Vaughn*
7/6/88

Roy Cashdollar, Mayor
7/6/88

R. BARRY BOYD, CPA

Certified Public Accountant

P.O. Box 2045

2131 National Road
Wheeling, WV 26003

(304) 242-6640

July 6, 1988

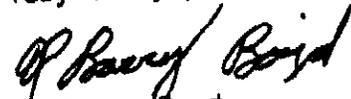
City of Chester
Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

West Virginia Water Development Authority
1201 Dunbar Avenue
Dunbar, West Virginia 25065

Gentlemen:

Based upon the rates and charges as set forth in the ordinance of the City of Chester enacted April 18, 1988, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Vaughn Consultants, Inc., consulting engineers, it is our opinion that (i) such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the City of Chester, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 1988 A and Series 1988 B, to be issued to West Virginia Water Development Authority and all other obligations secured by or payable from the revenues of the System prior to or on a parity with such Bonds, including the City's Combined Waterworks and Sewerage System Revenue Bonds, Series 1976 (the "1976 Bonds"), and Water and Sewer Revenue Bonds, Series 1964 (the "1964 Bonds"); (ii) the coverage requirements of the ordinances authorizing issuance of the 1976 and 1964 Bonds are satisfied; (iii) the funds and accounts established by the ordinances authorizing the 1976 and 1964 Bonds are funded at least at the minimum amount required under such ordinances; and (iv) the City will have sufficient revenues to make all payments required by such ordinances and the ordinance authorizing issuance of the Sewer Revenue Bonds, Series 1988 A and Series 1988 B.

Very truly yours,



R. Barry Boyd,
Certified Public Accountant

DATE: July 6, 1988

AMENDED SCHEDULE A

NAME OF GOVERNMENTAL AGENCY: W. VA W.D.A.

TOTAL COST OF PROJECT AND SOURCES OF FUNDS

A. Cost of Project

| | | | | |
|----|--|----|------------------|---------------------|
| 1. | Construction | \$ | <u>3,007,226</u> | |
| 2. | Technical Services | \$ | <u>592,120</u> | |
| 3. | Legal and Fiscal | \$ | <u>26,000</u> | |
| 4. | Administrative | \$ | <u>58,000</u> | |
| 5. | Site and Other Lands | \$ | <u>15,500</u> | |
| 6. | Step I and/or Step II Design or Other Loan Repayment (Specify Type: WDA Step I) | \$ | <u>13,888</u> | |
| 7. | Interim Financing Costs | \$ | <u>31,300</u> | |
| 8. | Contingency | \$ | <u>184,900</u> | |
| 9. | Total of Lines 1 through 8 | | | \$ <u>3,928,934</u> |

B. Sources of Funds

| | | | | | |
|-----|--|----------------------|----|------------------|---------------------|
| 10. | Federal Grants: ¹ | EPA Step 2/3 Grant | \$ | <u>2,001,170</u> | |
| | (Specify Source) | | \$ | | |
| 11. | State Grants: ¹ | CDB Grant | \$ | <u>750,000</u> | |
| | (Specify Source) | | \$ | | |
| | | | \$ | | |
| | | | \$ | | |
| 12. | Other Grants: ¹ | | \$ | | |
| | (Specify Source) | | \$ | | |
| 13. | Any Other Source ² | Interim Rate Revenue | \$ | <u>48,815</u> | |
| | (Specify) | | \$ | | |
| 14. | Total of Lines 10 through 13 | | | | \$ <u>2,799,985</u> |
| 15. | Proceeds Required from Bond Issue (Line 9 less Line 14) | | | | \$ <u>1,128,949</u> |

C. Cost of Financing

| | | | | |
|-----|---|----|----------------|------------------|
| 16. | Capitalized Interest (construction period plus six months) | \$ | <u>161,863</u> | |
| 17. | Funded Reserve Account ³ | \$ | <u>113,002</u> | |
| 18. | Other Costs ⁴ | \$ | <u>13,500</u> | |
| 19. | Total Cost of Financing | \$ | | <u>288,365</u> |
| 20. | Size of Bond Issue (Line 15 plus Total from Line 19) | \$ | | <u>1,417,314</u> |

Vaughan Consultants Inc
by *Donald R. Vaughn*
7/6/88

Ray Cashdollar, Mayor
7/6/88



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CHARTER OF THE CITY OF CHESTER
"1907"

MES A. JORDAN
ATTORNEY AT LAW
CHESTER, WEST VIRGINIA

CHARTER OF THE CITY OF CHESTER

Passed February 28th., 19 , over the vote of the Governor. In effect ninety days from passage. Sec. 16 re-enacted 1913. Regular session. In effect on passage.

Sec.

1. Corporate name and powers.
2. Corporate boundaries
3. Wards
4. Officers: qualifications; common council.
5. Election: when held; voters; how election held.
6. Contested elections.
7. Terms of office of mayor, clerk and councilmen; successors; Officers appointed by council; term of office; clerk ineligible for second appointment; unless, etc.,
8. Oath of office.
9. Council to prescribe powers and define duties of officers by it appointed.
10. Council to take bond from officers whose duty it is to receive moneys.
11. Removals; how made; vacancies; how filled.
12. Power of council as to meetings; duties of mayor; when member of council cannot vote;
13. Minute book and ordinance to be kept; by whom.
14. Proceedings of council of last meeting to be read, etc., and signed by presiding officer.
15. Requirements as to expenditure of money other than to defray current and incidental expenses.
16. Powers of council.
17. Council to have full authority to adopt needful ordinances, etc., Mayor to inflict and enforce fines; who to act in absence of Mayor.
18. Salary of Mayor.
19. Powers and duties of mayor.
20. Process in proceedings to enforce ordinances.
21. Power of Mayor as to the issue of execution of Fines imposed by him.
22. Duty of the jailor of Hancock County as to receiving prisoners, expenses of maintaining prisoners.
23. Docket to be kept; what to contain.
24. Appeals; within what time granted; provisions of law applicable.
25. Duty of Mayor where appeal is taken.
26. If appellant found guilty of a violation of ordinance in question; what then.
27. Appeals in cases other than in violation of ordinances.
28. Duties of City Clerk; salary; duties of sergeant.
29. Duties of assessor; compensation.
30. Council to lay levy based on estimate of annual expenses; what levy upon; capitation tax; council to have published financial statement.
31. Clerk to give bond; in what sum.
32. Duty of City Clerk after annual levy is made; duty of sergeant as to collection.
33. Duty of sergeant as to taxes in his hands for collection; to keep to regular books of account; compensation; recourse if sergeant fail to collect, etc., moneys with which he may be chargeable.
34. Duties of solicitor.
35. Lien on real estate.
36. Duties of chief of police; to execute bond; salary.
37. Violations in presence of police; offender may be forthwith apprehended, etc.,

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38. For what city license required
39. Licenses, how applied for and taxed; tax; to whom paid.
40. Provisions of law relating to state licenses applicable to licenses granted by city.
41. Council to have right to institute condemnation proceedings.
42. Pavements.
43. Council to advertise for bids for paving and shall have authority to provide for paving etc., how paid; assessments; lien on real estate.
44. City of Chester to succeed to all rights, etc., of the town of Chester; officers now in office; successors; certificate of incorporation annulled.
45. Inconsistent acts repealed; act to be in force as soon as ratified by a majority of voters; council of town of Chester to call an election.

BE IT ENACTED BY THE LEGISLATURE OF WEST VIRGINIA:

Sec. 1. The inhabitants of Hancock County in this state, now and hereafter residing within the boundaries prescribed in the next section hereof, shall be and they are hereby constituted a body politic and corporate, by and under the name of "City of Chester" and as such, and by and in that name, shall have perpetual succession and a common seal, and may sue and be sued, contract and be contracted with, purchase, lease, hold and use real and personal property necessary for corporate purposes; and generally shall have all the rights, powers and franchises belongings or appertaining to municipal corporations in this state.

Sec. 2. The boundaries of the said City shall be as follows; they shall include all of the territory included within the limits of the town of Chester, in Grant District, in said county, as the same existed at and prior to the passage of this act, and in addition thereto shall include the territory included by extending the eastern and western boundary lines as formerly existing to the north bank of the Ohio River and using the north bank of the Ohio river between these points of intersection as the North boundary lines of said town of Chester.

Sec. 3. The territory of the said city is hereby divided into five wards, as follows: The boundaries of the wards of said town of Chester as heretofore existing, shall remain and designate the limits of the several wards of said city.

The council of said city may change the boundaries of the different wards; and if at any time the number of inhabitants exceed ten thousand, the council may increase the number of wards to not more than eight; but in either case regard shall be had to equality of population; should the number of wards be increased the council shall re-apportion the representation of the several wards in the council, giving to each ward equal representation.

Sec. 4. The officers of said city shall be a mayor, sergeant, clerk, solicitor, chief of police, health officer, street commissioner, assessor and one councilman for each ward; the mayor and clerk shall be elected by the qualified voters of said city; the other officers named except members of council shall be appointed by the council and the councilmen shall be elected by the qualified voters of their respective wards.

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ORNEY AT LAW
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No person shall be eligible to any city office unless he is a qualified voter thereof, nor unless he has resided therein for at least six months before his election; and, in the case of a councilman, unless he is a bona fide resident of the ward from which he elected, or appointed and a free holder of said city; and the removal of a councilman from the ward from which he is elected shall vacate his office; and no person shall be eligible to any city office unless he is a taxpayer and assessed and paid tax on at least \$100 worth of real or personal property in said city and a qualified voter thereof.

The municipal authorities of said city shall consist of the mayor and councilman, who together shall form a common council and all the corporate powers of said corporation shall be exercised by said council, or under its authority except where otherwise provided.

Sec. 5. The first election hereunder shall be held on the second Thursday in March, one thousand nine hundred and eight and bi-annually thereafter; every person who has been a bona fide resident of the city and otherwise a qualified voter, under the constitution and laws of the state, shall be entitled to vote at such election, in the ward in which he resides; the election shall be held, conducted and the results thereof ascertained, certified, returned and determined, under such rules and regulations as may be prescribed by council, which shall not be inconsistent with the general laws of the state governing municipal elections and shall conform as nearly as practicable, to such laws.

Sec. 6. Contested elections shall be heard and decided by the council, and the proceedings therein shall conform as nearly as may be to similar proceedings in the case of county and district officers; the council shall be the judge of election, return and qualifications of its own members. In case two or more persons receive an equal number of votes for the same office, if such number be the highest, cast for such office, the persons under whom the supervision of such election is held shall decide by lot which of such two or more shall be returned elected and shall make their own return accordingly.

Sec. 7 The term of the office of the Mayor, Clerk and councilmen shall begin on the first Monday in April next succeeding their election and shall be for the term of two years and until their successors shall have been elected and qualified; the sergeant, chief of police, assessor, health officer and street commissioner shall be appointed by the council, and shall hold office during the pleasure of the council; the same person shall not be appointed clerk for more than two consecutive terms, and any former incumbent shall be ineligible for a second appointment, unless he shall have fully settled up, the business of his former term or terms.

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Sec. 8. Every person elected or appointed to any office in said city shall within twenty days after his election or appointment and before entering upon the discharge of the duties thereof, take and subscribe the oath of office prescribed by law for officers generally, which may be done before the mayor or clerk of said city, or before any person authorized by law to administer oaths; and the same, together with the certificate of the officer administering the oath, shall be filed with the Clerk of the said city.

Sec. 9. The council shall prescribe the powers and define the duties of all officers by it appointed, except so far as the same are by this act defined; shall fix their compensation, and may require and take from them, respectively, bonds payable to the city in its corporate name with such sureties and in such penalties, as may be deemed proper, conditioned for the faithful performance of their duties.

Sec. 10. The council shall require and take from all officers elected or appointed as aforesaid whose duty it shall be to receive funds, assets or property belonging to said city, or have charge of the same, such bonds, obligations or other writings, as may be deemed necessary and proper, to secure the faithful performance of their several duties, all bonds, obligations and other writings, taken in pursuance of any of the provisions of this act shall be made payable to the City of Chester, with such sureties and in such penalties as may be deemed proper, conditioned for the faithful performance of their duties, and for the accounting for and paying over, as required by law, all moneys coming into their hands by virtue of their offices, and the respective persons, and their heirs, executors and assigns bound thereby, shall be subject to the same proceedings on said bonds, obligations and other writings for enforcing the conditions of the terms hereof, by a motion or otherwise, before any court of competent jurisdiction held in the county of Hancock, that collectors of county levies and other sureties are or shall be subject to on their bonds for enforcing the payment of county levies.

Sec. 11. The council shall have the authority to remove from office any officer of the city, whether elected or appointed, for misconduct or neglect of duty, by an affirmative vote of three-fourths of the members of the council, but only after reasonable notice to such officer, and a hearing of the charges preferred and any vacancy in office however, occasioned may be filled by the council for the unexpired term.

Sec. 12. The council shall fix the place and times of holding its regular meeting; may provide for special and adjourned meetings; shall have power to compel the attendance of its members; and may prescribe rules and regulations not inconsistent herewith, for the transaction of business and for its own guidance and government; the council shall be presided over at its meetings by the Mayor, or in his absence by one of the councilmen selected by a majority of the council present, who may vote on any question as member of the council; the mayor shall have a vote only in case of a tie; and in no case shall the presiding officer constitute a quorum for the transaction of business; no members of the council shall vote upon or take part in the consideration of any proposition in which he is or may be interested otherwise than as a resident of the city.

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Sec. 13. The council shall cause to be kept by the Clerk of the city a well bound book, to be called the "minute book" accurate record of all its proceedings, ordinances, acts, orders and resolutions, and in another to be called "ordinance book" accurate copies of all general ordinances adopted by the council; both of which shall be fully indexed and open to the inspection of any one required to pay taxes to the city, or who may be otherwise interested; all oaths and bonds of officers of the city and all papers of the council, shall be endorsed, filed and securely kept by the clerk; all printed copies of such ordinances

transcripts of such ordinances, etc., orders and regulations certified by the clerk, under the seal of the city, shall be deemed prima facie correct, when they might be used as evidence in any court, or before any justice.

Sec. 14. At each meeting of the council the proceedings of the last meeting shall be read, and if erroneous, corrected and signed by the presiding officer for the time being. Upon the call of any member the yeas and nays on any question shall be taken and recorded in the minute book.

Sec. 15. No ordinance or by-law, and no resolution or measure for the expenditure of money, other than to defray the current and incidental expenses of the city, shall be deemed passed or adopted, unless it shall have been fully read at two consecutive meetings of the council, and shall have received a majority of the votes of the members present, when it shall stand and be declared adopted, and not otherwise.

Sec. 16. The council of said city shall have power to lay off, vacate, close, open, alter, grade and keep in good repair, roads, street, alleys, pavements, sidewalks, crossings, drains and gutters therein and light the same for the use of the citizens and public, and keep the same free from obstructions of any kind; to regulate the width of the pavements, sidewalks on the streets, and alleys in said city, and to order the pavements, free and clean, by owners and occupants of real property next adjacent thereto; to establish and regulate markets, prescribe the times for holding the same provide suitable and convenient buildings thereof, and prevent the forestalling or regrading of such markets; to prevent injury or annoyance to the public or to individuals from anything dangerous, offensive or unwholesome; to prohibit or regulate slaughter houses or soap factories within the city limits, or the exercise of any unhealthy or offensive business, trade or employment; to abate all nuisance within the city limits, or to require and compel the abatement or removal thereof, by or at the expense of the owner or occupant of the ground on which they are placed or found; to cause to be filled up, raised or drained by or at the expense of the owner, any city lot or tract of land covered or subject to be covered by stagnant water; to prevent horses, hogs, cattle, sheep or other animals and fowls of all kinds from going or being at large in said city; and as one means of prevention, to provide for impounding and confining of such animals and fowls, and upon failure to reclaim for the sale thereof; to protect places of divine worship and to preserve order in and about the premises where and when such worship is held; to regulate the keeping of gunpowder and other inflammable or dangerous substances; to provide for the making and maintaining of division fences by the owner of adjoining premises, and for the proper drainage of city lots, or parcels of land, by or at the expense of the owner thereof; to provide against damage or danger by fire; to punish for assault and batteries; to prohibit loitering in, conducting or visiting houses of ill fame, or loitering upon the streets; to prevent lewd and lascivious conduct sale of, or the exhibition of indecent pictures or other representations; to prevent the sale or disposal of intoxicating liquors; to prevent desecration of the sabbath day, and profane swearing; to protect the persons of those residing within said city; to appoint, when necessary or advisable, a police force, permanent or temporary, to assist the chief of police in the discharge of his duties; to build, purchase or lease and use a suitable place within or near said

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city for safe keeping or punishment of persons charged with, or convicted of the violation of ordinances; to provide for the employment of persons convicted of the violation of ordinances, or who may be committed in default of payment of fines, penalties or costs, and who are otherwise unable to discharge the same, by putting them to work for the benefit of the city, and to use means to prevent their escape, while at work, as they may deem expedient; to erect or authorize or prohibit the erection of gas works, or water works, within the city limits, to prevent injury to such works, or the pollution of any gas, or water used or intended to be used by the public or by individuals and to do all things necessary to adequately supply said city and the inhabitants thereof with pure, healthful and wholesome water; to use, generate, distribute, sell and control for the streets, houses, buildings, stores and other places in and about said city; to establish and construct wharves and docks, and to repair, alter or remove any wharf or dock, which has been or shall be so constructed, and to establish and collect rates and charges for the use thereof; to regulate the running and speed of engines, cars, and all other vehicles within said city, to organize one or more fire companies and to provide necessary apparatus, tools, implements, engines, or other supplies for their use, and in their discretion to organize a paid fire department; to make regulations with respect to the erection and location of all telephones, telegraph, electric light or other poles within said city and the extension of any wires, lines and poles by any individual or corporation; to grant and regulate all franchise in, upon and under the streets, alleys, and public ways of said city, and under such restrictions as shall be provided by ordinances but no exclusive franchise shall be granted by said council to any individual or corporation, nor shall any franchise be granted for a longer period than fifty years; to create by ordinance such committees, or boards, and delegates such authority thereto, as may be deemed necessary or advisable to provide for the annual assessment of the taxable property therein, including dogs, kept in said city, and provide a revenue for the city for municipal purposes, and appropriate such revenue for its expenses, and generally to take such measures, as may be deemed necessary or advisable, to protect the property, public or private, within the city; to preserve and maintain peace, quiet and good order therein and to preserve and promote health, safety and comfort and well being of the inhabitants therein.

The council of said city shall have power and authority to provide for the granting of building permits; to cause the removal of all unsafe walls or buildings; and may upon the petition of the persons or person owning the greater amount of frontage abutting on any street between any two cross streets or any square in said city, prohibit the erection on such streets, or in such square, if any building, or if any addition to any building, more than ten feet high, unless the outer walls be made of brick and mortar, or any other fireproof materials, and to provide for the removal of any buildings or additions which shall have been erected contrary to such prohibition, at the expense of the owner or owners thereof; in addition to the powers herein mentioned, the council shall be vested with all powers that are now or may be conferred upon said council in this state by general law, not repugnant to the provisions of this act.

Sec. 17. To carry into effect these enumerated powers and all others by this act or by general law conferred, or which may hereafter be conferred upon the said city or its council or any of its officers, the said council shall have and possess full

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ATTORNEY AT LAW
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authority to make, pass and adopt all needful ordinances, by-laws, orders and resolutions, not repugnant to the constitution and laws of the United States of this state; and to enforce any or all of such ordinances, by-laws, orders and resolutions, by prescribing for a violation thereof, fines and penalties and imprisonment in either the county jail of Hancock County, or the city prison, if there be one; but no fine shall exceed one hundred dollars, and no term of imprisonment shall exceed ninety days; such fines and penalties shall be imposed and recovered, and such imprisonment inflicted and enforced by and under the judgment of the mayor of said city, or in case of his absence or inability to act, the clerk of said city shall act as mayor, or, in the absence of the both of said officers, one of the councilmen, appointed for that purpose by the council shall act.

Sec. 18. The mayor shall receive a salary of not less than two hundred nor more than three hundred dollars per annum and in addition thereto such fees as properly accrue to him in proceedings for the enforcement of ordinances, but all such fees shall be collected when practicable, and accounted for to the city, and warrants drawn covering such costs when collected, payable to the mayor.

Sec. 19. The mayor shall be the chief executive officer of said city and shall take care that the orders, by-laws, ordinances and resolutions of the council thereof, are faithfully executed; he shall be ex-officio a justice and conservator of the peace; within the city, and shall, within the same, have, possess and may exercise all the powers and perform all the duties, whether in civil or criminal proceedings, vested by law in a justice of the peace; any summons, warrants, or other process issued by him may be executed at any place within the county; he shall have control of the police of the city; and may appoint special officers whenever he deems it necessary; and it shall be his duty, especially to see that the peace and good order of the city are preserved, and that persons and property therein are protected, and to this end, he may arrest, and detain, or cause the arrest and detention of all riotous and disorderly persons before taking other proceedings in the case; he shall from time to time recommend to the council such measure as he may deem needful for the welfare of the city, he shall not receive any money due or belonging to the state or to corporations, or to individuals, unless and until he shall have given the bond and security required of a justice of the peace by chapter fifty of the code of West Virginia; and all the provisions of said chapter relating to moneys received by justices shall apply to moneys received by him in like cases.

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Sec. 20. The process in proceedings to enforce any ordinances prescribing a fine or imprisonment, or a fine and imprisonment for the violation thereof, shall be a summons in the name of the City of Chester as plaintiff directed to the chief of police, or to any constable of any district within said city, requiring him to summon the person accused of such violation and who may thereafter be designated as defendant, to appear before the mayor, at any time and place therein named, to make answer to such accusation, and to be dealt with according to the law; such summons shall contain such a statement of the facts alleged as will inform such person of the general nature of the offense against the city with which he stands charged; and, except in case of arrest upon view; shall be issued only upon the complaint, on oath, of some credible person, but the mayor

may for good cause appearing, by endorsement on the summons, order the person so accused to be forthwith apprehended and brought before him for a hearing of the charges, the clerk of said city as well as the mayor, shall have authority to receive any complaint in writing of the violation of any ordinance, and to sign and issue the proper summons based on such complaint, the mayor shall have, possess, and may exercise the power and authority belonging to a justice under sections two hundred and twenty-four and two hundred and twenty-five of the chapter fifty of the code of West Virginia, in summoning and enforcing the attendance and examination of witnesses, in punishing for contempt, in granting continuances, and in securing and enforcing the further attendance of the accused with a view to a trial or hearing; if any recognizance be taken for such further attendance and is forfeited the mayor may record the default, and an action may be maintained, in the name of the city, before the mayor, or any justice having jurisdiction, against the accused and his securities, if any, to recover the penalty thereof.

Sec. 21. The mayor shall have the power to issue and execution for any fine and costs assessed or imposed by him, for the violation of any ordinance, or he may, at the time of rendering judgment therefor, or at any time thereafter and before satisfaction of such judgment, by his order in writing require the immediate payment thereof; and in default of such payment he may commit the person so in default to the jail of Hancock County, or in his discretion to the prison of said city, if one shall have been provided by the council, until the fine and costs are fully paid; but such imprisonment shall not exceed ninety days.

Sec. 22. The jailor of Hancock County shall take and receive into his custody any person sentenced to imprisonment in the jail of said county, or committed thereto for the non-payment of a fine and costs, or for the failure to enter into a recognizance by the judgment or order of the mayor, in proceedings for the violation of the ordinance; and the expense of maintaining such person while so in confinement shall be paid by the city, except in cases of persons held to answer a commitment or indictment.

Sec. 23. A book well bound and indexed, to be denominated the "docket" shall be kept in the office of the mayor, in which shall be noted each case brought or tried by him; together with the proceedings therein, including a statement of complaint, the summons, the return, the fact of appearance or non-appearance, the defense, the hearing, the judgment, the costs and in case the judgment be one of conviction the action taken to enforce the same; the record of such case shall be signed by the mayor, or other person acting in his stead; and the original papers thereof, if no appeal be taken, shall be kept together and preserved in his office.

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ATTORNEY AT LAW
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Sec. 24. In any case for the violation of the ordinance of the said city, in which there is a judgment by the mayor of imprisonment or for a fine of more than five dollars, an appeal shall lie at the instance of the person against whom such judgment is rendered, to the circuit court of Hancock County, such appeal shall not be granted by the mayor unless, within ten days from the date of the judgment such person shall enter into a recognizance with security deemed sufficient to appear before the said court on the first day of the next term thereof, to answer for the offense against the city with which he stands charged, and not thence depart without leave of said court; the provisions of chapter one hundred and sixty-two of the code of West Virginia, relating to recognizance by this section; but any money recovered thereon or by virtue thereof shall inure to the said city.

Sec. 25. If such appeal be taken, the mayor shall forthwith deliver to the clerk of the said court, the complaint in writing, if any, the summons, a transcript of the record, including the judgment, the recognizance and any other papers belonging to the case; and such clerk shall receive and file the same, and place the case upon the trial docket of the next succeeding term of said court, and said court shall proceed to try the same in its order.

Sec. 26. If the appellant be found guilty of a violation of the ordinance in question, whether upon the verdict of the jury or otherwise, the court shall ascertain by its judgment the fine or imprisonment, or the fine and imprisonment, to be paid or suffered by such defendant, having regard to the punishment prescribed by such ordinance and shall include in any such judgment the costs incurred by said city, as well as in the proceedings before the mayor as those in court, including a fee to the attorney for the city of ten dollars, and the fees, if any, of the jailor or the keeper of the city prison; and the proceedings to enforce the collection of any such fine and costs as may be provided in sections ten, eleven and twelve of chapter thirty-six of the code of West Virginia, except that the writ, mentioned in the tenth section, may be issued by the Clerk of the city upon the order of the mayor of the city, and the notice contemplated by the eleventh section shall be given to such officer; if the judgment be for the defendant he shall recover his costs against the city.

Sec. 27. From all judgments by the mayor in cases other than for violations of ordinances appeals shall be allowed as in similar cases before justices.

Sec. 28. It shall be the duty of the city clerk to keep a journal of the proceedings of the council, and have charge of and preserve the records, bonds, papers and other documents belonging to the city, he shall, in case of sickness or disability of the mayor to act; or in case of his absence from the city, or during any vacancy in the office of the mayor, perform the duties of mayor, and shall be vested with all powers necessary for the performance of such duties; he shall also perform such other duties pertaining to the fiscal affairs of the city, or otherwise as may be required of him by this act or by the council; he shall receive such salary as may be fixed by council; which shall not be less than one hundred nor more than four hundred dollars per annum.

The sergeant shall be at the head of the police department of the city, it shall be the duty of the sergeant to collect the city taxes, fines, levies, and assessments; he has all power to enforce the payment and collection thereof, that the officer collecting the state tax has or may hereafter be given under the status and laws of West Virginia, and the said sergeant shall have all the powers, rights and privileges within the corporate limits of such city in regard to the collection of claims, the arrest of persons, the execution and return of process that can be legally exercised by a constable of the district and he shall be entitled to the same fees and liable to the same penalties, forfeitures, etc., as the constable of the district; the sergeant shall be at the head of the police department of the city with the same powers within the limits of the city as the sheriff in his county.

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Sec. 29. It shall be the duty of the assessor to assess all property within the said city, subject to taxation, including a capitation upon each male inhabitant of said city who has attained the age of twenty-one years, substantially in manner and form as in the case of assessments by county assessors, and make return thereof to the council on or before the first day of July of each year; he shall also make out the land books for said city in each year, and make proper transfers of such property as shall have changed ownership within the preceding year, and charge the same on said books to the person who by himself has the freehold in his possession, whether in fee or for life, on the first day of April, in such year; when a tract or lot of land becomes the property of different owners, in several parcels, the assessor shall divide the value, at which the whole land has before been assessed among the different owners, having regard to the value of each interest compared with that of the whole, and enter the name on the land books for said year; he shall also enter in said land book the value of any old building omitted for one or more years, and of addition or improvement to a building and of any building newly erected, not therefore assessed, if the same be of the value of one hundred dollars or upwards; he shall have the power and be subject to the same penalties, in ascertaining and assessing the property and subjects of taxation in said city, as are conferred and imposed upon county assessors by general law; but the council may correct any error on his part in making such assessment, upon the application of any person aggrieved; the council shall have authority to prescribe, by general ordinance such other rules and regulations as may be necessary to enable and require the assessor to ascertain and properly assess all property subject to taxation by said city, so that such assessment and taxation shall be uniform and equal and may enforce such rules and regulations by reasonable fines, and penalties to be imposed upon any one failing or refusing to comply therewith; the said assessor shall also list the number of dogs or other animals subject to a license tax in said city, and the names of the persons owning the same which list shall be returned to the council at the same time the assessment is returned; he shall receive for his services such compensation as shall be fixed by the council.

Sec. 30. The council shall cause to be made up annually, and spread upon its minute book, an accurate estimate of all sums, which are or may become lawfully chargeable against the city, which ought to be paid within one year, and it shall order, at a meeting held by it in the month of July of each year, a levy of so much as will in its judgment be necessary to pay the same; such levy shall be upon all real and personal property otherwise subject to state and county taxes, and an annual capitation tax of one dollar upon each male inhabitant of said city who has attained the age of twenty-one years; provided, that such levy shall not exceed the rate fixed by the general acts of West Virginia on the ascertained value of such property; at least once in each year the council shall cause to be made up and published, in one or more of the newspapers of the city, or of Hancock County, a statement of the financial condition of said city, including the revenue received from the different sources, and of the expenditures upon the different accounts, for the preceding year or portion of the year as the case may be.

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Sec. 31. The clerk of said city, before entering upon the discharge of his duties, shall execute bond, conditioned for the faithful performance by him of the duties of his office and for the accounting for and paying over as required by law, all money which may come into his hands by virtue of his office with sureties satisfactory to the council payable to the city of Chester, in a penalty of not less than one thousand dollars, as the council may prescribe; he shall be custodian of all bonds, notes, together with all valuable papers which may be placed in his possession by the council.

Sec. 32. Immediately after the annual levy of city taxes is made, it shall be the duty of the clerk to extend the same in the property books returned by the assessor, including as well the proper capitation tax, and make out therefrom proper tax tickets, and the same after being examined and compared and approved by the finance committee of the council, and if found to be correct, shall be turned over to the sergeant on the first day of September following the levy, whose receipts shall be returned to the council and entered upon its records, and the sergeant shall be charged therewith; the sergeant shall give notice that said tickets are in his hands for collection, stating the penalty for non-payment thereof, and the time and place where the same may be paid, which notice shall be published for twenty days in one or more newspapers published in said city or county. To all persons who shall pay their taxes in full before the first day of October, next succeeding said levy, there shall be allowed a discount of two and one-half per centum on the whole amount of the taxes so paid and not otherwise to all taxes remaining unpaid on the first day of January, next succeeding said levy, a penalty of ten per centum shall be added, and the sergeant shall forthwith proceed to collect from the parties, by distraint or otherwise, the entire amount of taxes which they are severally charged therein with interest at the rate of one per centum per month, from the said first day of January, until they are fully paid, together with the penalty herein provided to be added thereto.

Sec. 33. It shall be the duty of the sergeant, at least once in six months during his continuance of office, and more often if required by council, to render an account of taxes, levies, assessments, and other claims in his hands for collection, and return a list of such as he shall not have been able to collect, by reason of insolvency, removal or other cause to which list he shall append an affidavit that he has used due diligence to collect the claims therein mentioned, but has been unable to do so, and if the council shall be satisfied with the correctness of said list, and shall allow him a credit for said claims, but may thereafter take such lawful measures to collect the same as shall by it be prescribed; he shall keep regular books of account, to be examined and approved by the council, of all moneys received and disbursed by him, and of other matters pertaining to his office, which books shall at all times be open to inspection of the council, or any committee appointed by it for such purposes; all moneys belonging to the city shall be paid over to the sergeant, no moneys shall be paid out by him except upon the order of the council, counter-signed by the mayor; he shall receive for his services a compensation fixed by the council not to exceed a commission of five per cent of the total taxes collected including revenue collected other than state moneys, but no commission shall be charged by the said sergeant for receiving state funds for town purposes, and no additional commissions shall be charged by said sergeant for disbursement of moneys; if the sergeant shall fail to collect, account for and pay over, all or any moneys, with which he may be chargeable belonging to the city according to the conditions of his bond and the orders of the council, it shall be lawful for the council to recover the same by action or by motion upon ten days notice in the corporate names of the city in the circuit court of Hancock County against him and his sureties or any or either of them or his or their executors or administrators; if the sum claimed does not exceed three hundred dollars, such recovery may be had before the mayor, or any justice of said county.

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CHESTER, WEST VIRGINIA

Sec. 34. It shall be the duty of the solicitor to prepare, when directed by the council, all ordinances for said city, to represent the said city in all matters and proceedings in any court, in which the said city is interested, and counsel the said council when requested; he shall receive as compensation for his services, to be fixed by the council, nor exceeding three hundred dollars per annum.

Sec. 35. There shall be a lien on real estate, within said city for the city taxes assessed thereon, and for all fines and penalties assessed to or imposed upon the owners thereof, by the authorities of such city, from the time the same are so assessed or imposed, which shall have priority over all other liens, except the liens for taxes due the state, county and district; and which may be enforced by the council in the same manner provided by law for the enforcement of the lien for county taxes or in such manner as council shall by ordinance provide. If any real estate within said city be returned delinquent taxes thereon, a copy of such delinquent list may be certified by the council to the auditor, and the same may be sold for the city taxes, interest and commissions thereon, in the same manner, at the same time and by the same officers, as real estate is sold for the non-payment of states taxes.

Sec. 36. It shall be the duty of the chief of police to preserve order and quiet in said city, and to see that all subordinate police officers faithfully perform their official duty; he shall be present in the police court, whenever the same shall be in session and see that all its orders and requirements are properly executed; he shall with the consent of the council enter of record, but not otherwise, appoint one or more policemen as the council may determine; he shall, before entering upon the discharge of his duties execute a bond conditioned for the faithful performance by him of the duties of his office, and for the accounting for and paying over, as required by law, all money which may come into his hands by virtue of his office, with sureties satisfactory to the council, in a penalty of not less than one hundred dollars nor more than one thousand dollars nor more than three thousand dollars, as the council may prescribe; he shall receive such salary as may be fixed by council, which shall not be less than six hundred nor more than one thousand dollars per annum.

Sec. 37. In case a violation of any ordinance of said city is committed in the presence, or within view, of the chief of police or other police officers, the offender may be forthwith apprehended and taken before the mayor, and a complaint under oath, stating such violation there lodged and filed; and thereupon such offender may be tried and dealt with according to law, without summons; the chief of police shall execute within the county of Hancock, any proper process issued by the mayor in proceedings for the enforcement of ordinances; and shall collect, by levy or execution or otherwise, and duly account for, all fines assessed and costs imposed in such proceeding; he shall have all the right and power within said city, in regard to the arrest of persons, the collection of claims and the execution and return of process, that are or may be lawfully exercised by a constable therefor; and he and his sureties shall be liable to all fines, penalties of duty in office, to be recovered in the same manner, and in the same courts, that such fines, penalties and forfeitures are recovered against constables.

WES A. JORDAN
ATTORNEY AT LAW
MARTINSBURG, WEST VIRGINIA

Sec. 38. The council shall have the authority to require a city license as follows: For anything to be done, carried on or exhibited within the city, for which a state license is now or may hereafter be required (other than the sale of spirituous, vinous or malt liquors) also for the keeping of hacks, carriages, carts, wagons and other vehicles for hire within the city, and for the keeping of dogs within the city, and the council may provide for the killing of all dogs, the keeping of which is not licensed; and upon all such licenses the council may impose a reasonable tax for the use of the city.

Sec. 39. The council shall prescribe by ordinance, the manner in which licenses of all kinds shall be applied for and granted, and shall require the payment of the tax thereon to be made to the collector and treasurer before delivery to the person applying therefor.

Sec. 40. The provisions of the twenty-ninth section of chapter thirty-two of the code of West Virginia, relating to state license shall be deemed applicable to licenses of a similar character to those therein mentioned, when granted by or under the authority of the council of said city, licenses for keeping dogs shall also expire on the thirtieth day of April next after they are granted.

Sec. 41. The council shall have the right to institute proceedings in the name of the city, for the condemnation of real estate for street, alleys, drains, market grounds, landings, wharves, city prison or other work or purposes of public utility; such proceedings shall conform to the provisions of chapter forty-two of the code of West Virginia; and the cost thereof shall be borne by the city, except that in contests involving a hearing in the Circuit Court, shall be reserved by the prevailing party.

Sec. 42. After having caused proper curb of brick, stone or other suitable material to be set and placed on any of the streets or alleys of said city at the expense of the property owner, the council may require sidewalks or footways on such streets or alleys to be paved with brick, stone or such other suitable material as the council may determine, under the direction of the street commissioner, by the owner respectively of the lots, or the fractional parts of lots, facing or abutting on such sidewalk or footway and if the owner of any such sidewalk or footway, or of the real property next adjacent thereto, shall fail or refuse to pave the same in the manner or within the time required by the council, it shall be the duty of the council to cause the same to be done at the expense of the city, and to assess the amount of such expense upon such owner; and the same may be collected in the manner herein provided for the collection of city taxes, and the same shall constitute a lien on such property, which may be enforced by a suit in equity in the name of the city in the circuit court of Hancock County as other liens against real estate are enforced; provided however, that reasonable notice shall first be given to said owners that they are required to construct such sidewalks or footways, and in case the owner is a non-resident of the state, the notice aforesaid may be given by publication for four successive weeks, in a newspaper published in said city or county; the provisions of this section shall also be applicable to needed repairs to any of the pavements of the city, and to the substitution of new pavements for any which may have been heretofore or which may be hereafter laid and completed, and which may be deemed insufficient.

MES A. JORDAN
ATTORNEY AT LAW
OSTER, WEST VIRGINIA

Sec. 43. The council shall have the authority to provide that any street or alley, or any portion thereof between the curbstones

(continued)

shall be macadamized, or paved with bricks, cobblestones, or suitable material, upon the lowest and best terms obtainable, after advertisement for four weeks in one or more newspapers of the city or county for bids and proposals for the work; and the two-thirds of the cost of such macadamizing or paving, from curb to curb of such street or alley, shall be assessed to the owners of the lots, or fractional parts of lot; fronting or abutting on such street or alley, that is to say: the property owners on each side of said street or alley to be assessed one-third of the sum so assessed shall be paid by each property owner to the city within thirty days after the completion of the work, and the remainder in two equal installments in six and twelve months thereafter, or at such other times as the council may prescribe; the remaining one-third of such expense, as well as the expense of macadamizing or paving at the intersections of streets and alleys, shall be defrayed by the city; the council shall cause a notice to be published for one week in a newspaper of said city or county showing the owners of the property and the number of feet fronting on the said improvements, as well as the time and place where the said council will proceed to fix said assessments as above provided, and giving notice to any person having an interest in said property to appear and show cause, if any they can, why such assessment should not be made, and the council may, in making said assessment, consider the petition of any person or corporation relative to the inequality of said assessment, and may equalize and adjust the same; the assessment to be made to any owner of real estate shall constitute a lien on such estate; and like proceedings may be had and taken to enforce such lien, or to recover from such owner the amount of such assessment, or of any installment thereof, as those provided for in the preceding section, providing for the laying of pavements. The council of said city may cause an additional annual levy of twenty five cents on the hundred dollars of the ascertained value of all the real and personal property within said city, or subject to taxation, for the purpose only of defraying the expense of paving the streets and alleys of said city as herein provided; such levy shall be made at the time the general levy is laid, and shall be collected in like manner, but a separate account shall be kept of the receipts and expenditures of such fund.

Sec. 44. The city of Chester shall succeed to all the rights, powers and responsibilities, and be vested with the title of all property, of the town of Chester as heretofore existing, and all officers of said city acting as such at the time this enactment takes effect shall continue until the first Monday in April, one thousand nine hundred and eight, or until their successors, the officers herein mentioned, are elected or appointed and qualified, to exercise the powers, perform the duties, and receive the compensation heretofore conferred, prescribed and allowed by former charges, by general law, or by the ordinances of said city; such ordinances in force at the time referred to shall continue to have full operation and effect until amended, repealed or superseded by the council of said city, the certificate of incorporation heretofore granted by the circuit court of said county of Hancock, incorporating the town of Chester, is hereby annulled.

JAMES A. JORDAN
ATTORNEY AT LAW
CHESTER, WEST VIRGINIA

Sec. 45. All acts or parts of acts which are in conflict and inconsistent with this act are hereby declared inoperative in so far as they are in conflict or inconsistent with this act; and this act shall not be construed to take away any of the powers conferred upon said town or upon the council or any officer thereof, conferred by general law, except so far, as the same may be inconsistent with the powers conferred by this act; this act shall be in force as soon after its passage as it shall have been ratified by a majority vote of all the qualified voters on the same, under this charter, within the territory described in this act. The present council of the town of Chester, shall have power to call an election, or

elections to take the vote of the people upon the ratification or rejection of this charter, and shall publish in some newspaper of the county and post notices of said election in at least three public places for a period of not less than ten days preceding such election.

JAMES A. JORDAN
ATTORNEY AT LAW
CHESTER, WEST VIRGINIA

AMENDMENTS TO CHESTER CHARTER OF 1907

Amendment No. 1

CITY ORGANIZATION

A. OFFICES. In addition to the municipal elected authorities, the City shall have and there are hereby created the following municipal offices:

- Building Custodian
- Superintendent of Water Works and Sewage City Engineer
- Such other departments, commissions and boards as the City Council may hereafter from time to time create.

B. APPOINTMENT. All offices mentioned in this amendment shall be filled and appointed by each council. All appointments shall continue until the 15th. day of July, following the expiration of the term of the Council, unless sooner removed by manner set forth in Chester Charter of 1907.

Except as hereinafter provided, all appointed officers shall be residents of the City of Chester, and must have so resided within said City at least one (1) year prior to their appointment, and must continue to reside within the corporate limits of said City until the expiration of their term.

C. SUPERINTENDENT OF WATER WORKS AND SEWAGE shall be the administrative head of the Chester Municipal Water Works and Sewage System, with the power to perform such ministerial duties and functions impliedly pertaining thereto, or as may hereinafter be authorized by ordinance, or resolution of the Council.

D. CITY ENGINEER. The City Engineer shall be a competent civil or mechanical engineer, or one who is qualified by years of experience, and recommended by the Council; he shall discharge all duties and exercise all powers which shall be conferred upon him by ordinance or resolution of the City Council.

Amendment No. 2 Those officers holding office through appointment by Council shall receive such salary, compensation, as the City Council shall from time to time by ordinance or resolution fix.

Amendment No. 3 The compensation of elective officers shall be as follows:

The Mayor of the City shall receive not less than \$300.00 nor more than \$1,000.00 per year.

The City Clerk shall receive not less than \$600.00 nor more than \$2,000.00 per year.

Each member of the City Council shall receive \$120.00 per year.

Amendment No. 4

POWERS OF COUNCIL. The Council shall have power and authority to exercise all municipal powers that are now, or hereafter may be granted to the City of Chester, or to municipalities, by the constitution or the laws of the State of West Virginia; and all such powers, whether expressed or implied, shall be exercised and enforced in such manner as shall be provided by ordinance or resolution of this Council.

These enumerated powers are in addition to those powers as set forth in the City Charter of 1907 and where these enumerated powers are contrary to the powers of the Council as set forth in the Charter of 1907 said powers of the City Charter of 1907 shall be deemed dismissed and without force and the new powers as enumerated shall be in effect.

Amendment No. 5 A regular two party election system, primary and general, will be held at the dates as set forth later in this amendment, in accord with the election laws of the State of West Virginia.

A. NOMINATIONS. Candidates for the offices of Member of Council, Mayor and City Clerk shall be nominated at a primary election to be held on the First Tuesday in April preceding the General Election. Any person desiring his name to appear on either ballot as a candidate (Republican or Democrat) for any such offices at such primary election shall file with the City Clerk, on or before the Thirtieth day preceding such primary election date.

B. REQUISITES OF CANDIDATES. Each candidate for Mayor, City Clerk, or Councilman shall at the time of filing pay to the City Clerk, a filing fee of Twenty (\$20.00) Dollars, if the office he is seeking is that of Mayor or City Clerk, or a filing fee of Ten (\$10.00) Dollars, if the office he is seeking is that of Council. These fees shall be used to defray the cost of printing the ballots and of other election expenditures.

Regular Municipal Elections shall be held on the First Tuesday of June in the year One Thousand Nine Hundred and Fifty-five and on the First Tuesday in June in each succeeding second year. Persons elected at such elections shall hold office for term of two (2) years beginning on the First day of the fiscal year of the City following the election.

C. THE MAYOR. The Mayor of the City shall be elected at large from the City at the First Regular Municipal Election following the effective date of the adoption of this revised Charter of the City. The Mayor's Term of office shall begin with the First day of the fiscal year immediately following such election, and shall continue for a period of two (2) years. If a vacancy shall occur in the office of Mayor during such term, because of death, resignation, incapacity, or in the case of his temporary absence or temporary incapacity or inability to act the City Clerk of said City shall act as Mayor, or in the absence of the both of said officers, under said circumstances, one of the Members of the Council, appointed for the purpose by the Council, shall act as Mayor.

D. MEMBER OF COUNCIL. The Members of Council shall be elected from the several wards of the City, in the manner hereinafter provided at the First Regular Municipal Election following the effective date of this revised Charter. Their term of office shall begin with the First day of the fiscal year immediately following such election, and shall continue for a period of two (2) years. If a vacancy shall occur in the Council during any such term, because of death, resignation, incapacity or other cause or condition, including the election of a member of Council, to fill a vacancy in the office of Mayor, the remaining Members of Council, by a majority vote, shall elect a qualified person from the proper ward to fill the vacancy.

E. THE CITY CLERK. The City Clerk shall be elected at large from the City at the First Regular Municipal Election following the effective date of the adoption of this Revised Charter of the City. The City Clerk's term of office shall begin with the First day of the fiscal year immediately following such election, and shall continue for a period of two (2) years. If a vacancy shall occur in the office of City Clerk during such term, the City Council, by majority vote, shall have the power to appoint a qualified voter to fill the unexpired term.



State of West Virginia
County of Hancock to wit:

I, ROY CASHDOLLAR do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____

MAYOR

of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

Roy Cashdollar

Taken, Sworn, and subscribed to before me this 5th
day of 5 JULY 1988 *

my Commission
Expires:
Oct 18, 1994

Joseph G. Noyes

State of West Virginia
County of Hancock to wit:

I, Sally Riley do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____
City Clerk - Treasurer
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

Taken, Sworn, and subscribed to before me this Sally Riley
July 5
day of July 1988*

My Commission Expires:

Oct 18, 1994

[Signature]
Joseph G. Noyes

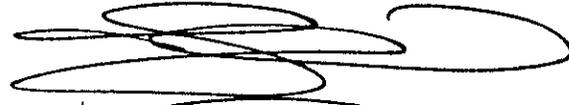
State of West Virginia
County of Hancock to wit:

I, William A. Fettle do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____
CITY COUNCILMAN 1st ward
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

William A. Fettle

Taken, Sworn, and subscribed to before me this 5th
day of 7-5- 1988

my Commission
Expires:
Oct 18, 1994


William A. Fettle
Joseph S. Nozay

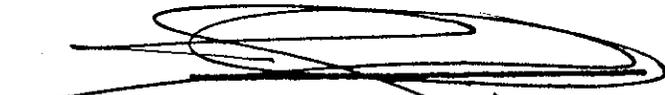
State of West Virginia
County of Hancock to wit:

I, James Sturley do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as a
Commissioner 5th Ward
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

Taken, Sworn, and subscribed to before me this James Sturley

day of 5th day July 1988*

My Commission expired
Oct 18, 1994


Joseph D. Noe

State of West Virginia
County of Hancock to-wit:

I, Jerry J. Dlugelo do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____
second ward Councilman
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

x Jerry J. Dlugelo

Taken, Sworn, and subscribed to before me this 5th
day of July 1988*

My Commission
Expires:
Oct 18, 1994

Joseph G. Nagy

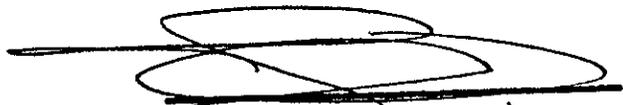
State of West Virginia
County of Hancock to wit:

I, FRANK DECAPIO do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____
3RD WARD COUNCILMAN
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

Frank Decapio

Taken, Sworn, and subscribed to before me this 5th
day of JULY 1988*

My Commission-
Expires:
Oct 18, 1994


Joseph G. Woy

State of West Virginia,
County of Hancock to wit:

I, James M. Palantus do solemnly swear that I
will support the Constitution of the United States, the
Constitution of the State of West Virginia, and that I
will honestly and faithfully discharge my duties as _____
City Councilman 4th ward
of the City of Chester, West Virginia, to the best of
my skill and judgement, so help me God.

James M. Palantus

Taken, Sworn, and subscribed to before me this _____
day of July 5 1988*

My Commission
Expires:

Oct 13, 1989

Joseph G. Noy



AN ORDINANCE providing for the management, control and operation of the combined waterworks and sewerage system of the City of Chester, West Virginia.

WHEREAS the City of Chester, in Hancock County, West Virginia, by ordinance adopted September 4, 1946, has heretofore issued and now has outstanding Waterworks Revenue Bonds, dated October 1, 1946, which by their terms are payable from the income and revenues derived from that portion of the combined waterworks and sewerage system of the City of Chester supplying water services, and by concurrent proceedings said city is providing for extending and improving said combined waterworks and sewerage system of the City of Chester and the issuance of Water and Sewer Revenue Bonds, Series 1964 of said city payable from the income and revenues of said combined system, aforesaid, for the purpose of paying the cost of such extensions and improvements under the provisions of Article 13 of Chapter 8 of the West Virginia Code; and

WHEREAS in order to assure the original purchasers and any subsequent holder or holders of said bonds or any other bonds of said city as may be outstanding from time to time which by their terms are payable from the income and revenues of said combined system, of an efficient management, control and operation thereof, it is deemed advisable that a permanent plan of management, control and operation of such combined waterworks and sewerage system be now made of record:

NOW, THEREFORE, Be It Ordained by the Common Council of the City of Chester, West Virginia, as follows:

Section 1. That from and after the effective date of this ordinance, the management, control and operation of the combined waterworks and sewerage system of the City of Chester, West Virginia shall be carried on by a board to be known as the "Water-Sewerage Board of the City of Chester" created, appointed and functioning as hereinafter provided.

Section 2. Governing Body. The authority vested in the City by provisions of Articles 12 and 13, Chapter 8 of the Code of West Virginia is hereby vested in a Water - Sewerage Board composed of the Mayor of the City, three Councilmen and three Residents of the City who shall be neither city employees nor city office holders. Said Board shall be appointed by the Mayor with the advice and consent of the Council. The term of office shall be three years, excepting no city official shall serve beyond the term of office for which he was elected. Terms of all members shall be staggered so that insofar as possible, one-third of the Board shall retire each year. When a vacancy shall occur, it shall be filled for the unexpired portion of the former holder's term. The term and expiration date thereof for each member shall be specified in an appropriate resolution of the Common Council.

Section 3. Compensation. The members of the Water-Sewerage Board shall receive such compensation as may be established by the Common Council from time to time and shall be payable from the operating funds of the water and sewerage systems.

Section 4. General Powers. The water-sewerage Board shall have and exercise all of the powers and authority conferred upon municipalities by the laws of the State of West Virginia now in effect or which shall hereinafter be enacted for the construction, operation, management, financing and maintenance of the municipally owned water and sewerage systems which without limitation thereon shall include the following:

AW OFFICES
N & FLOWERS

(a) Fix, regulate and change rates and charges for water and sewerage service supplied to all consumers, and adopt and prescribe reasonable rules and regulations which shall be observed and obeyed by all consumers in reference to the use and consumption of water taken from the city mains; the terms, charges and conditions upon which connections to the said water mains and sewers shall be permitted, and the place and manner of making the same; fix penalties by way of additional charges for failure to pay water or sewer rents promptly, and to this end may discontinue the supply of water to any consumer who fails to pay for either as required; require all users of water for temporary purposes to pay for the privilege in advance.

(b) The powers of the water sewerage board to fix and charge rates for water and sewerage service contained in paragraph (a) shall be subject to such supervision, regulation and control by the Public Service Commission of the state of West Virginia as that body is now or shall hereafter be authorized by the laws of the State to exercise over municipal-owned public utilities or municipal officers operating the same.

(c) The board shall have power from time to time to repair, extend and amplify the water workd or sewerage plant and system, and to make such additions to the pumping station, filtration plant, disposal plant, sewer and water mains and lines as may at any time and from time to time be deemed necessary for the proper operation of these systems.

(d) The board shall employ such supervisory, clerical and other personnel as in its discretion may be necessary for the proper operation of said systems and establish the salaries of each. The board shall be furthered empowered to contract for the services of an engineer, legal counsel and other professional services as may in its discretion be advisable.

Section 5. If any section, paragraph, clause or provision hereof shall be held invalid, the invalidity of such section, paragraph, clause or provision, shall not affect any of the remaining provisions.

Section 6. That all ordinances, resolution and orders, or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and this ordinance shall take effect from and after its passage and approval as provided by law.

Introduced Aug. 25 1964, 1964.
Adopted and approved Sept 1 1964, 1964.

LAW OFFICES
ORDAN & FLOWERS

Attest: Ray Caldwell
City Clerk
Recorded, Sept 1

Henry Abramo
Mayor

. 1964



PETITION

The Water-Sewerage Board of the City of Chester, on motion duly passed at its meeting on the 2nd day of May, 1988, respectfully petitions the Council of the City of Chester to enact an ordinance directing that revenue bonds and interim construction notes of the municipality be issued pursuant to the provisions of Chapter 8, Article 20 of the West Virginia Code, such bonds to be in an amount not to exceed \$2,600,000 and such notes to be in an amount not to exceed \$2,000,000 for the purpose of acquisition and construction of sewerage system improvements.

WATER-SEWERAGE BOARD OF THE CITY OF CHESTER

By Roy Cashdollar
Chairman

07/05/88
CHECO1-U



REVENUE BOND ORDINANCE

A public hearing will be held on the following entitled Ordinance at a special meeting of the Council of the City of Chester to be held on June 21, 1988, at 7:00 p.m. in the Council chambers at the Chester City Hall, and at such hearing all objections and suggestions shall be heard by the Council and it shall then take such action as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$1,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City of Chester on June 9, 1988. The above quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bond and Note issues contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of acquisition and construction of additions, betterments and improvements for the existing combined waterworks and sewerage facilities of the City of Chester (the "Project"). The proceeds of the Notes will be used to provide temporary financing of a portion of such costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the municipal combined waterworks and sewerage system of the City. The Notes are payable primarily from proceeds of certain EPA Grant Receipts. No taxes may at any time be levied for the payment of the Bonds or the Notes or the interest thereon.

A certified copy of the above-entitled Ordinance is on file at the office of the Recorder of the City of Chester for review by interested parties during regular office hours. Following said public hearing, the City Council intends to enact said Ordinance upon final reading.

Dated: June 10, 1988.
Roy Cashdollar
Mayor

Intell: June 10-17

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I, Linda Miller for the publisher of the

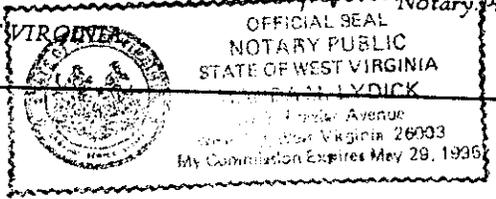
WHEELING NEWS REGISTER
WHEELING INTELLIGENCER newspapers published in the CITY OF
WHEELING, STATE OF WEST VIRGINIA, hereby certify that the annexed publication
was inserted in said newspaper on the following dates:
June 10; 17, 1988

commencing on the 10th day of June, 1988
Given under my hand this 20th day of June, 1988
Linda Miller

Sworn to and subscribed before me this 20th day of
June 1988 at WHEELING, OHIO COUNTY, WEST
VIRGINIA

Linda M. Lydick
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA
My Commission expires _____





ORDINANCE NO. 287

PROPOSED CITY ORDINANCE

**ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED
PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE
SEWER FACILITIES OF THE COMBINED WATERWORKS AND SEWERAGE
SYSTEM OF THE CITY OF CHESTER**

THE CITY COUNCIL OF THE CITY OF CHESTER HEREBY
ORDAINS: The following schedule of rates, fees, charges and
delayed payment penalty charges are hereby fixed and deter-
mined as the rates, fees, charges and delayed payment
penalty to be charged to customers of the sewer facilities
of the combined waterworks and sewerage system of the City
of Chester throughout the territory served.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

RATES

\$3.50 plus \$4.36 per 1,000/gallons used per month.

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not
paid within 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.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment
penalty charges provided herein shall be effective upon
completion of the project as defined by the engineer;
provided, however, the said date shall not be effective not
less than 45 days after inactment hereof.

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 Or-
dinance. All resolutions, orders or parts thereof in con-

24A

flict with the provisions of this Ordinance are, to the extent of such conflicts, hereby repealed; and 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 City Clerk shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the East Liverpool Evening Review being the only newspaper of general circulation in the City of Chester, West Virginia, (there being no newspaper published therein and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 18th day of April, 1988, at 6:30 P.M., which date is not less than 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 Council shall take such action as it shall deem proper in the premises.

The above Ordinance has been introduced at a meeting of Council held March 28, 1988.

Mayor

City Clerk

First Reading: _____

Second Reading: _____

APRIL 18, 1988

MEETING OF THE COMMON COUNCIL, CITY OF CHESTER, WAS CALLED TO ORDER AT 7:00 PM BY MAYOR ROY CASHDOLLAR.

MEMBERS PRESENT: CITY CLERK JOHN ASH, COUNCIL MEMBERS ANN FORD, FRANK DECAPIO, CHRISTINE LAUGHLIN AND CITY ATTORNEY JOSEPH NOGAY.

THE MINUTES OF THE PREVIOUS MEETING WERE APPROVED AS READ ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN MOTION APPROVED 3-0

MAYOR CASHDOLLAR CALLED FOR PUBLIC PARTICIPATION AT HIS TIME:

JEFF FISHER ASK COUNCIL IF THE SLAG AT INTERSECTIONS COULD BE CLEANED UP AND A STOP SIGN INSTALLED AT THE BOTTOM OF CATHOLIC HILL. THE MAYOR EXPLAINED THAT IT WAS UP TO EACH COUNCILMAN TO TAKE CARE OF THEIR WARD AND HE SHOULD CONTACT HIS COUNCILMAN.

ROBERT MURRAY ASK IF COUNCIL WAS STILL PURSUEING GETTING RIVER STREET SLIPAGE REPAIRS THE MAYOR TOLD HIM THAT THE CITY WAS WORKING ON TRYING TO GET THE FINANCING FOR THE PROJECT OFF THE STATE.

MRS. FRENCH ASK IF THE COUNCIL WOULD ENCOURAGE CITIZENS TO CLEAN THE STREET IN FRONT OF THEIR OWN PROPERTY AND KEEP THEIR PROPERTY IN CLEANER CONDITION. THE MAYOR TOLD HER HE WOULD URGE COUNCIL TO HAVE ANOTHER CLEAN UP WEEK AGAIN THIS YEAR.

MRS. ARNER STATED THAT SHE THOUGHT COUNCILMEMBERS SHOULD NOT MISS SO MANY MEETINGS.

ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN REMITTANCES OF \$19,576.02 WERE APPROVED . MOTION CARRIED 3-0

AFTER A BRIEF DISCUSSION BILLS OF 18,529.41 WERE APPROVED ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN. MOTION CARRIED 3-0

MRS. FORD MADE A MOTION TO USE PURCHASE ORDERS ON BILLS AFTER APRIL 18, 1988 OTHER THAN MONTHLY EXPENDITURES TO BE APPROVED BY THE CITY CLERK. SECOND BY MRS. LAUGHLIN MOTION CARRIED 2-1 WITH MRS. FORD AND MRS. LAUGHLIN VOTING IN FAVOR AND MR. DECAPIO VOTING AGAINST

MR. DECAPIO MADE A MOTION TO AUTHORIZE THE MAYOR TO SIGN A CONTRACT TO INSTALL A NEW CITY STREET LIGHT ON FAIRVIEW ROAD AT THE COOK PROPERTY. SECOND BY MRS. LAUGHLIN MOTION CARRIED 3-0

THE MAYOR PRESENTED A PROCLAMATION PROCLAMING THE FIRST WEEK IN MAY AS THE NATIONAL EXTENSION HOMEMAKERS WEEK.

THE MAYOR THEN ADVISED COUNCIL THAT THE LIBRARY WAS HOLDING A ROAD BLOCK THE FIRST SATURDAY IN MAY TO RAISE MONEY AND UPGED ALL TO SUPPORT THEIR EFFORTS.

ATTORNEY NOGAY PRESENTED COUNCIL WITH THE NEW B & O TAX FORMS, AN ORDINANCE FOR WORTHLESS CHECKS, SHOPLIFTING AND A PROMISSORY NOTE TO THE FIRST NATIONAL BANK OF WEIRTON FOR \$71,510.27.

ON A MOTION BY MRS. LAUGHLIN SECOND BY MR. DECAPIO IT WAS DECIDED TO APPROVE THE RECOMMENDATION OF THE WATER SEWER BOARD AND NEGATE THE PREVIOUS RESOLUTION AND AUTHO THE MAYOR AND CITY CLERK TO BORROW THE 71,510.27 . MOTION CARRIED 3-0

MR. NOGAY THEN PRESENTED A RESOLUTION TO BORROW THE \$71,510.27. form the first natic BANK OF WEIRTON.

MR. NOGAY THEN PRESENTED A MUTUAL AID AGREEMENT HE HAD PREPARED AT THE REQUEST OF THE FIRE DEPT. VIA COUNCIL WITH THE EAST LIVERPOOL FIRE DEPT.

MR. NOGAY THEN PRESENTED AN ORDINANCE HE PREPARED PROHIBITING PARKING ON CERTAIN SECTIONS OF COLLINS MEMORIAL DRIVE.

ON A MOTION BY MRS. FORD SECOND BY MRS. LAUGHLIN ORDINANCE # 288 WAS PLACED ON ITS FIRST READING. MOTION CARRIED 3-0

THE CITY CLERK THEN READ ORDINANCE # 288 THE WORTHLESS CHECK ORDINANCE

ON A MOTION BY MR. DECAPIO SECOND BY MRS. FORD ORDINANCE # 288 WAS PASSED ON ITS FIRST READING. MOTION CARRIED 3-0

ON A MOTION BY MR. DECAPIO SECOND BY MRS. FORD ORDINANCE # 289 WAS PLACED ON ITS FIRST READING. MOTION CARRIED 3-0

THE CITY CLERK THEN READ ORDINANCE # 289 THE SHOPLIFTING ORDINANCE.

ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN ORDINANCE #289 WAS PASSED ON ITS FIRST READING. MOTION CARRIED 3-0

MRS. LAUGHLIN MADE A MOTION TO AUTHORIZE ATTORNEY NOGAY TO CONTACT MR. EDWARDS AND MR. VENSEL TO COME TO MEETING OF CITY COUNCIL ON MAY 16 TO TRY AND RESOLVE THEIR PROBLEM OVER THE ABANDONMENT OF ALLEY A. SECOND BY MR. DECAPIO MOTION CARRIED 3-0

ON A MOTION BY MRS. LAUGHLIN SECOND BY MRS. FORD ORDINANCE # 287 WAS PLACED ON ITS SECOND AND FINAL READING. MOTION CARRIED 3-0
MAYOR CASHDOLLAR REQUESTED THAT COUNCIL CHANGE ORDINANCE 287 SO THAT THE PEOPLE WOULD HAVE TO PAY THE HIGHER SEWER RATES UNTIL AFTER COMPLETION OF THE PROJECT
MR. DECAPIO MADE A MOTION TO AMEND ORDINANCE 287 TO READ UNDER SECTION 2 EFFECTIVE DATE AS FOLLOWS: THE RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES PROVIDED HEREIN SHALL BE EFFECTIVE UPON COMPLETION OF THE PROJECT AS DEFINED BY THE ENGINEER PROVIDED HOWEVER THE SAID DATE SHALL NOT BE EFFECTIVE NOT LESS THAN 45 DAYS AFTER INACTMENT HEREOF. SECOND BY MRS. LAUGHLIN MOTION CARRIED 3-0

ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN ORDINANCE #287 WAS PASSED ON ITS SECOND AND FINAL READING. MOTION CARRIED 3-0

THE MAYOR SUGGESTED THAT THE CITY HAVE THE STREET SWEEPER REPAIRED. AFTER A BRIEF DISCUSSION MR. DECAPIO SAID HE WILL CHECK TO SEE WHAT THOSE COST WOULD BE AND IF THE NEEDED PARTS COULD BE OBTAINED.

THE CITY CLERK PRESENTED THE BUDGET FOR FISCAL YEAR 1989 TO COUNCIL FOR THEIR APPROVAL

ON A MOTION BY MR. DECAPIO SECOND BY MRS. FORD THAT BUDGET WAS APPROVED. MOTION CARRIED 3-0

MAYOR CASHDOLLAR ASK COUNCIL TO HAVE THE COPIER REPAIRED.

ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN ATTORNEY NOGAY WAS AUTHORIZED TO CONTACT THE SHARP COMPANY TO TRY TO GET THEM TO REPAIR THE COPIER. MOTION CARRIED 3-0

UNDER NEW BUSINESS MR. MASTRANTONI OF BHJ REPORTED TO COUNCIL THAT GRANT MONEY WAS AVAILABLE AGAIN THROUGH THE CDBG GRANTS AND HE PRESENTED A RESOLUTION FOR COUNCILS APPROVAL TO AUTHORIZE BHJ TO DEVELOPE A CITIZENS PARTICIPATION PLAN AS A PRE-APPLICATION STEP IN THE GRANT REQUESTS. ON A MOTION BY MR. DECAPIO SECOND BY MRS. LAUGHLIN HIS REQUEST WAS APPROVED. MOTION CARRIED 3-0

-3- APRIL 18, 38

AT THE MAYORS REQUEST MRS. LAUGHLIN MADE A MOTION SECONDED BY MRS. FORD TO AUTHORIZE THE MAYOR TO PUBLISH THE FINANCIAL STATEMENT IN THE PAPER FOR TWO WEEKS AND PAY THE BILL. MOTION CARRIED 3-0

THE MEETING ADJOURNED AT 9:23 PM

JOHN F. ASH CITY CLERK TREASURER

CHESTER MUNICIPAL WATER WORKS

CITY BUILDING
CHESTER, WEST VIRGINIA 26034

RECEIVED

1987 MAR 27 A 7 05

March 25, 1987

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
SECRETARY'S OFFICE

*Check for payment
Randy*

Public Service Commission of W. Va.
Secretary's Office
P.O. Box 812, 201 Brooks St.
Charleston, W. Va. 25323

387-0114

Gentlemen:

On Monday evening, March 16, 1987, Chester City Council passed by second reading Ordinance #277 increasing the water rates 16%. Also at the same meeting, Ordinance #278 was also passed on second reading. This ordinance places a \$3.50 sewer charge on sanitary sewer services. You will find copies of these ordinances enclosed along with copies of the new rates and the newspaper notices. According to our last billing we have 1190 customers. We would like to place these on file with the Secretary of the Public Service Commission.

If there is any other information necessary to submit, please contact my office at (304) 387-0114.

Sincerely,

Alice A. Stivason

Alice A. Stivason
Clerk - Chester Water Works

RECEIVED

ORDINANCE . 277

1987 MAR 27 A 7 05
PUBLIC SERVICE COMMISSION

AN ORDINANCE INCREASING THE RATES OR CHARGES FOR WATER FURNISHED BY THE CITY OF CHESTER, WEST VIRGINIA

WHEREAS, the City of Chester, West Virginia, is presently operating a water works system and providing water from said system to its customers, and,

WHEREAS, the revenue from said rates and charges is insufficient for the continued operation of said system, and,

WHEREAS, the Farmers Home Administration and the auditor for the City of Chester have requested the City of Chester to adjust its rates so as to meet its operating costs, and,

WHEREAS, The City of Chester Water and Sewer Board has in the past recommended that the City of Chester adjust its rates so as to meet operating costs, and,

WHEREAS, the City has hereto established and has in effect a schedule of rates and charges for the use and service in connection with said water works system, and,

WHEREAS, West Virginia Code Chapter 24, Article 2, Section 4 (b) removes from the West Virginia Public Service Commission jurisdiction, the approval of rate changes by municipal utilities except as is otherwise provided by West Virginia law, and,

WHEREAS, Chapter 24, Article 2, Section 4 (b) of the West Virginia Code as amended, specifically provides for the procedure in changing the aforesaid rates and charges.

NOW, THEREFORE, be it ordained by the Common Council of the City of Chester, West Virginia as follows:

That effective with the 30 day of April, 1987, the water rates presently being charged for water furnished by the City by and through the Chester Municipal Water Works shall be increased by sixteen per cent (16%) as per the schedule of rates hereto attached as an exhibit and made a part of this ordinance as though set forth thereunder.

LAW OFFICES
DAN & MARYPENNY

First Reading: _____

Second Reading: _____

ADOPTED this ____ day of _____, 1986, after a
First Reading on the ____ day of _____, 1986, and a Second
Reading on the ____ day of _____, 1986.

MAYOR

RECEIVED
MAR 27 A 7 05
PUBLIC SERVICES
CITY OF CHESTER
WEST VIRGINIA

ORDINANCE NO. 278

AN ORDINANCE INCREASING THE RATES OR CHARGES FOR SANITARY SEWER SERVICES FURNISHED BY THE CITY AND PROVIDING FOR INTERIM FINANCING TO PAY FOR ENGINEERING AND DESIGN COSTS NECESSARY TO THE PROPOSED IMPROVEMENT OF THE CITY OF CHESTER WATER WASTE PLANT.

WHEREAS, the City of Chester, West Virginia, is presently providing for a sewage system and sewage services for the City, and,

WHEREAS, the City of Chester plans to improve its waste water plant and to increase its customer base, the cost of which will be funded by Federal and State grants and by public bonds and loans, and,

WHEREAS, the City has in connection with the above incurred substantial engineering and design costs and other related expenses of approximately Two Hundred Fifty Thousand Dollars (\$250,000.00), and,

WHEREAS, the Water and Sewer Department and the City of Chester do not have the funds or sufficient revenues to pay for said costs and expenses, and,

WHEREAS, the City of Chester Water and Sewer Board has in the past recommended that the City of Chester adjust its rates so as to generate additional funds necessary to make provisions for the said costs and expenses, and,

WHEREAS, the City of Chester needs to arrange for interim or temporary financing pending completion of the project aforesaid, and,

WHEREAS, the City of Chester needs to increase its rates and charges for said sewage services and to grant a lien for the additional funds generated by said increase so as to secure the lender of the funds necessary to pay for said design and engineering costs and other related expenses until permanent bonding and other financing can be arranged following completion of the sewer project aforesaid at which time appropriate rates and charges can be finally established commensurate with the costs of the entire sewer project, and,

LAW OFFICES
DAN & MANYPENNY

WHEREAS, the City has hereto established and has in effect a schedule of rates and charges for the use and services in connection with said sewage, and,

WHEREAS, West Virginia Code Chapter 24, Article 2, Section 4 (b) removes from the West Virginia Public Service Commission jurisdiction, the approval of rate changes by municipal utilities except as is otherwise provided by West Virginia law and particularly, Chapter 24, Article 1, Section 7, and,

WHEREAS, Chapter 24, Article 2, Section 4 (b) of the West Virginia Code as amended, specifically provides for the procedure in changing the aforesaid rates and charges.

NOW, THEREFORE, be it ordained by the Common Council of the City of Chester, as follows:

Section I

That effective with the 30 day of April, 1987, the present rates charged for sanitary sewer services furnished by the City by and through the Chester Municipal Water Works shall be increased by the sum of Three and 50/100 Dollars (\$3.50) per month per each user customer/user as per the schedule of rates hereto attached as an exhibit and made a part of this ordinance as though set forth hereunder.

Section II

All fees generated from said increase shall be segregated and deposited in a separate account and shall be used solely to pay for engineering and design costs and related expenses and/or to repay any funds borrowed by the City of Chester to pay for said engineering and design costs following the adoption of an appropriate resolution and ordinance for said interim financing.

First Reading: _____

Second Reading: _____

Adopted this _____ day of _____, 1987.

CHESTER MUNICIPAL WATERWORKS

CITY BUILDING

CHESTER, WEST VIRGINIA 26034

May 5, 1986

The Chester Water-Sewer Board would like to propose to you the following water-sewerage rate increases:

- (1) A 16% water rate increase as recommended by our auditor and Farmers Home Administration, to cover current operating expenses in the water department.
- (2) An additional flat \$3.50 sewer usage fee to be billed each month. This is to help offset the initial cost of the proposed secondary sewerage treatment plant.

CHESTER WATER/SEWER BOARD

| <u>FEET USED</u> | <u>WATER</u> | <u>SEWER</u> | <u>FIXED FEE</u> | <u>TOTAL BILL</u> |
|------------------|--------------|--------------|------------------|-------------------|
| 1000 | 9.75 | 2.80 | 3.50 | 16.05 |
| 2000 | 9.75 | 2.80 | 3.50 | 16.05 |
| 3000 | 9.75 | 4.20 | 3.50 | 17.45 |
| 4000 | 13.00 | 5.60 | 3.50 | 22.10 |
| 5000 | 16.25 | 7.00 | 3.50 | 26.75 |
| 6000 | 19.50 | 8.40 | 3.50 | 31.40 |
| 7000 | 22.75 | 9.80 | 3.50 | 36.05 |
| 8000 | 26.00 | 11.20 | 3.50 | 40.70 |
| 9000 | 29.25 | 12.60 | 3.50 | 45.35 |
| 10,000 | 32.50 | 14.00 | 3.50 | 50.00 |
| 11,000 | 35.43 | 15.40 | 3.50 | 54.33 |
| 12,000 | 38.36 | 16.80 | 3.50 | 58.66 |
| 13,000 | 41.29 | 18.20 | 3.50 | 62.99 |
| 14,000 | 44.22 | 19.60 | 3.50 | 67.32 |
| 15,000 | 47.15 | 21.00 | 3.50 | 71.65 |
| 16,000 | 50.08 | 22.40 | 3.50 | 75.98 |
| 17,000 | 53.01 | 23.80 | 3.50 | 80.31 |
| 18,000 | 55.94 | 25.20 | 3.50 | 84.64 |
| 19,000 | 58.87 | 26.60 | 3.50 | 88.97 |
| 20,000 | 61.80 | 28.00 | 3.50 | 93.30 |
| 21,000 | 64.73 | 29.40 | 3.50 | 97.63 |
| 22,000 | 67.66 | 30.80 | 3.50 | 101.96 |
| 23,000 | 70.59 | 32.20 | 3.50 | 106.29 |
| 24,000 | 73.52 | 33.60 | 3.50 | 110.62 |
| 25,000 | 76.45 | 35.00 | 3.50 | 114.95 |
| 26,000 | 79.38 | 36.40 | 3.50 | 119.28 |
| 27,000 | 82.31 | 37.80 | 3.50 | 123.61 |
| First 10,000 | Next 40,000 | Next 75,000 | Next 375,000 | All Over 500,000 |
| <u>3.25</u> | <u>2.93</u> | <u>2.47</u> | <u>1.47</u> | <u>.89</u> |

WATER & SEWAGE RATE CHART

| GALLONS | WATER 11/3/83 | SEWAGE 10/1/81 |
|---------|---------------|----------------|
| 1000 | 8.40 | 2.80 |
| 2000 | 8.40 | 2.80 |
| 3000 | 8.40 | 4.20 |
| 4000 | 11.20 | 5.60 |
| 5000 | 14.00 | 7.00 |
| 6000 | 16.80 | 8.40 |
| 7000 | 19.60 | 9.80 |
| 8000 | 22.40 | 11.20 |
| 9000 | 25.20 | 12.60 |
| 10,000 | 28.00 | 14.00 |
| 11,000 | 30.53 | 15.40 |
| 12,000 | 33.06 | 16.80 |
| 13,000 | 35.59 | 18.20 |
| 14,000 | 38.12 | 19.60 |
| 15,000 | 40.65 | 21.00 |
| 16,000 | 43.18 | 22.40 |
| 17,000 | 45.71 | 23.80 |
| 18,000 | 48.24 | 25.20 |
| 19,000 | 50.77 | 26.60 |
| 20,000 | 53.30 | 28.00 |
| 21,000 | 55.83 | 29.40 |
| 22,000 | 58.36 | 30.80 |
| 23,000 | 60.89 | 32.20 |
| 24,000 | 63.42 | 33.60 |
| 25,000 | 65.95 | 35.00 |
| 26,000 | 68.48 | 36.40 |
| 27,000 | 71.01 | 37.80 |

First 10,000
2.80

Next 40,000
2.53

Next 75,000
2.13

Next 375.00
1.27

All Over 50
.77

Public Service Commission Of West Virginia

201 Brooks Street, P. O. Box 812
Charleston, West Virginia 25323

March 27, 1987

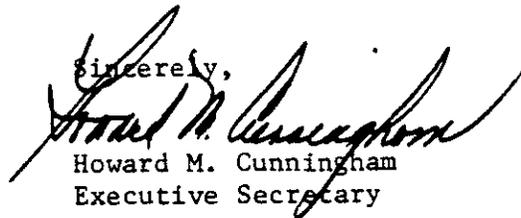
Ms. Alice A. Stivason,
Clerk-Chester Water Works
City Building
Chester, West Virginia 26034

Dear Ms. Stivason:

Thank you for your letter of March 25, containing ordinances adopted by the City Council of Chester on March 16, 1987 increasing water and sewer rates and charges, effective April 30, 1987.

The ordinances and accompanying material will be retained in my office until April 15, 1987 to see if protest petitions are received. If no protest petitions are received, the ordinances will be forwarded our Tariff Office for processing.

Sincerely,



Howard M. Cunningham
Executive Secretary

HMC/s

cc: Mr. Donald R. Fletcher
182 Montana Avenue
Chester, West Virginia 26034

NOTICE

AN ORDINANCE (ORDINANCE #287) ESTABLISHING AND FIXING RATES, FEES, CHARGES AND DELAYED PAYMENT PENALTY CHARGES FOR SERVICE TO CUSTOMERS OF THE SEWER FACILITIES OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHESTER.

THE CITY COUNCIL OF THE CITY OF CHESTER HEREBY ORDAINS: The following schedule of rates, fees, charges and delayed payment penalty charges are hereby fixed and determined as the rates, fees, charges and delayed payment penalty to be charged to customers of the sewer facilities of the combined waterworks and sewerage system of the City of Chester throughout the territory served.

SECTION 1. SCHEDULE OF RATES

APPLICABILITY

Applicable in entire area served.

AVAILABILITY OF SERVICE

Available for sanitary sewer service.

RATES

\$8.50 plus \$1.25 per 1,000 gallons used per month.

DELAYED PAYMENT PENALTY

A 10% penalty shall be added to all charges not paid within 25 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.

SECTION 2. EFFECTIVE DATE

The rates, fees, charges and delayed payment penalty charges provided herein shall be effective 45 days after the enactment hereof.

SECTION 3. SEPARABILITY: REPEAL OF CONFLICTING ORDINANCES

The provisions of this Ordinance are severable, 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 of such conflicts, hereby repealed, and 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 City Clerk shall publish a copy of this Ordinance once a week for 2 successive weeks within a period of 14 consecutive days, with at least 6 full days intervening between each publication, in the Wheeling Intelligencer being the only West Virginia newspaper of daily statewide circulation in the City of Chester, West Virginia, area, (there being no newspaper published therein) and said notice shall state that this Ordinance has been introduced, and that any person interested may appear before Council on the 10th day of April, 1988, at 6:30 a.m. which date is not less than 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 Council shall take such action as it shall deem proper in the premises.

The above Ordinance has been introduced at a meeting of Council held March 28, 1988.

Passed on First Reading March 28, 1988.

Intell: April 8-13

STATE OF WEST VIRGINIA,
COUNTY OF OHIO.

I, Linda Miller for the publisher of the

~~WHEELING NEWS-RECORDER~~
WHEELING INTELLIGENCER

newspapers published in the CITY OF

WHEELING, STATE OF WEST VIRGINIA, hereby certify that the annexed publication was inserted in said newspaper on the following dates:

April 8; 15, 1988

commencing on the 8th day of April, 1988

Given under my hand this 15th day of April, 1988

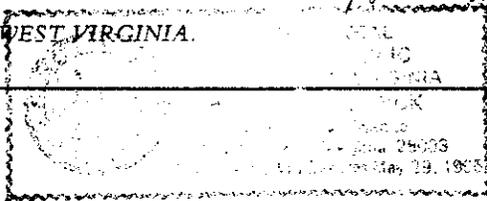
Linda Miller

Sworn to and subscribed before me this 15th day of April, 1988 at WHEELING, OHIO COUNTY, WEST VIRGINIA

Linda M Lydick
Notary Public

of, in and for OHIO COUNTY, WEST VIRGINIA.

My Commission expires _____





MINUTES OF THE
CITY OF CHESTER
MAY 2, 1988
COUNCIL MEETING

The May 2, 1988 meeting of Chester City Council was called to order by Mayor Roy Cashdollar at 7:00 p.m. Present were council members Anne Ford, Frank DeCario and Christine Laughlin. City Solicitor Joseph Nogay was also in attendance. As a result of illness, City Clerk John Ash was unable to attend. Minutes were taken by Councilmember Chris Laughlin.

A motion to accept the minutes of the previous meeting was made by Mr. DeCario with a second from Ms. Ford. The motion carried unanimously.

Citizens Participation:

Mr. William Tuttle reported that three street lights on Fairview Road were out and asked they be replaced. Council will look into the matter.

Mr. A. D. Mastrantoni of Brooke-Hancock Planning and Development Council introduced Mr. Vince Collins of Steptoe & Johnson, Attorney at Law. Mr. Collins will serve as bond counsel for the City's Wastewater Project WDA Bond issue. Mr. Collins informed Council that the WDA issue was at 7½% for a 38 year period. Mr. Collins confirmed by explaining the following:

WDA Loan Program: Source of local funds-money into project in addition to grants. Hurry to avail of this money. If the City did not make it and waited until next issue the interest may be higher. The City would be able to borrow 1.4 million dollars at 7½% for 38 years amortized. The first two years interest and the next 38 years principle. He further stated that to be eligible an ordinance must be passed, a voice resolution authorizing someone to send in paperwork and WDA Loan Package formed as soon as possible. The WDA, Water Development Authority, is a state agency designed to assist cities with funding for water and sewer projects. The loan should be closed in June, sign bonds, transfer to local banks and deposit in construction fund. It is possible it may earn interest. It is recommended the \$1.4 million be deposited in a consolidated fund. Deposit money in bank, wire to fund. The local bank receives a fee for keeping accounts and act as intermediary with the consolidated fund. Borrow, deposit, build plant grant reimbursements may be later. Grant is in anticipation of note financing.

He further stated the bond counsel would prepare the ordinance, follow correct procedures, prepare bonds and certification, render opinions, interest tax exempt.

Series A - 80 per cent proceeds of bonds.
 Series B - 20 percent 0 percent interest
 9 percent 0 percent interest

Mr. Collins then asked that the City adopt the rules and procedures consistant with the Sunshine Legislation regulation in the State of West Virginia for all bond related activities.

Mr. Frank DeCapio moved to adopt and follow the Sunshine procedures (see attached). Ms. Ford seconded and it passed unanimously.

The WDA Bond Ordinance was then introduced by title for passage on first reading on a motion by Ms. Laughlin, seconded by Ms. Ford and passed unanimously.

CITY OF CHESTER

ORDINANCE #291

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF THE CITY OF CHESTER AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$ 1,800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 A, NOT MORE THAN \$ 800,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B, AND NOT MORE THAN \$ 2,000,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

Ms. Laughlin then moved that Ordinance #291 be passed on first reading, seconded by Ms. Ford and passed unanimously.

Council then, by Voice Resolution, enacted that City Clerk John Ash and Mayor Roy Cashdollar were authorized to sign all documents pertaining to the WDA bonding issue and Ordinance #291.

WDA Loan closing will be held in Dunbar, West Virginia. Bond Counsel's fee will be approximately \$10,000.00 which is payable from bond issue. There will be no charge if it doesn't proceed. Attorney Vince Collins said he would continue in good faith and do the preliminaries before the rate ordinance is passed. The bond counsel will represent the City until he renders an opinion to WDA that the bonds are sound. He then represents, at that point, the bond holders. Mr. Collins further advised that the Water/Sewer Board must pass a concurring ordinance and both the Water/Sewer Board and City Council must follow Sunshine Regulations for regular and special meetings.

Butch Mastrantoni of B-H Planning and Development Council presented a response letter to Ms. Kathi Hamrick of the GOCID for the Mayor's signature requesting the state/local agreement be extended to June 1989 on Purchase Order #244.

Mr. Mastrantoni developed a plan for the CDBG pre-application stage to hold a public hearing to gain citizens input on May 16. The meeting will be held to solicit comments, particularly those of low/mod income citizens according to HUD regulations. A legal notice will be published six days in advance of the hearing as well as news releases. Mr. Mastrantoni will attend to provide assistance. He further stated that HUD funds must meet one of three criteria: 1) directly to benefit low/mod persons; 2) blight removal; 3) emergency situation.

According to Mr. Mastrantoni, the second phase will be to hold a hearing to decide whether or not the proposal to be submitted is consistent with citizen's comments.

Mr. DeCapio moved to accept the Citizen's Participation Plan and proceed with its implementation at the next regular council meeting. Ms. Ford seconded the motion and it carried 3-0.

Remittances:

Mr. DeCapio moved to accept the remittances for deposit. The motion was seconded by Ms. Ford and carried 3-0.

Mr. DeCapio moved to pay the bills with the exception of one day's docking of pay of Mr. Jeff Powers. Ms. Ford seconded the motion and it carried 3-0.

Communications:

Ms. Ford moved to recognize the week May 8-14 as National Nursing Home Week. Mr. DeCapio seconded. The motion carried 3-0.

Mr. Nogay communicated with Mid-Valley.

Ms. Laughlin moved to accept a mutual aid agreement between the City and the Volunteer Fire Department. Mr. DeCapio seconded the motion and it carried 3-0. Mr. Nogay will forward endorsed agreement to Mr. Charles Payne.

Council empowered Mr. Nogay to write a certified letter to Terry N. Oda, EPA, informing them of current status of sewer project.

Mr. DeCapio made such motion. Ms. Ford seconded the motion and it carried 3-0.

It was told that J & L could not honor the warranty maintenance agreement for the copier. It was requested that someone contact Mr. Charles Miller to fix the copier.

Mr. DeCapio moved to recind the motion empowering Mr. Nogay to ask both parties (Venzil-Edwards) to respond to council in writing what their positions are and what their thoughts might be and upon what information they base their rights. Ms. Ford second and the motion carried 3-0.

The Mayor said he will check into a sewer problem on Pennsylvania Avenue. He will also purchase the pipe to repair a 10 ft. section to eliminate water away from the homes in case of rain.

Mr. Wallace of the street department said the bearing was replaced in the sweeper. He said he would check on cost of a pump.

May 9-13 was designated as clean-up week. Mr. Norm Six said he would pick-up garbage, small items only-no appliances for furniture. Mr. Six said there would be no charge for loads over the first three.

Mr. DeCapio made a motion to give Mr. Bob Pugh permission to contact someone to level off and fill in the area on the west end of the river side of Collins Memorial Drive across from the personal care home. There would be no cost to the city. Ms. Ford seconded the motion and it carried 3-0.

Council received a request from the Chester Ministerial Association to use the upstairs. Permission was given for them to check it out.

Ordinances:

Mr. DeCapio made a motion to place Ordinance #289 on second reading with the provision for the penalty. Ms. Ford seconded the motion which carried 3-0. Mr. DeCapio moved to accept the second reading of Ordinance #289 with Ms. Ford seconding. The motion carried.

Mr. DeCapio moved to place Ordinance #290 on first reading. The motion was seconded by Ms. Ford and it carried 3-0. Mr. DeCapio moved to accept the first reading of Ordinance #290. Ms. Ford seconded the motion which carried 3-0.

Ms. Laughlin made a motion authorizing Mr. Nogay to send a copy of the bad check ordinance to local businesses and on shoplifting. Ms. Ford seconded the motion and it carried 3-0.

A letter was received and approved from the State Tax Department.

Mr. DeCapio made a motion to allow the Mayor to contact the phone company to extend lines from the Clerk's office to the water office. Ms. Ford seconded the motion and it carried 3-0.

Mr. DeCapio requested that Mayor Cashdollar contact the Department of Highways concerning the repaving of Carolina Avenue.

Mayor Cashdollar requested an update on the teapot situation. Ms. Ford said they are waiting to move it.

Ms. Laughlin moved to authorize Mr. Nogay to send a letter to the above. Mr. DeCapio seconded the motion and it carried 3-0.

The meeting adjourned at 9:20 p.m.

JUNE 9, 1988

MEETING OF THE COMMON COUNCIL, CITY OF CHESTER, WAS CALLED TO ORDER AT 11:00 AM BY MAYOR ROY CASHDOLLAR.

MEMBERS PRESENT: COUNCIL MEMBERS ANNE FORD, FRANK DECAPIO, CHRISTINE LAUGHLIN AND CITY ATTORNEY JOSEPH NOGAY.

THE MINTUES OF THE PREVIOUS MEETING WERE APPROVED AS READ ON A MOTION BY CHRISTINE LAUGHLIN AND SECOND BY FRANK DECAPIO. MOTION APPROVED 3-0

A MOTION BY ANNE FORD TO ADD TO THE LAST MONTH MEETING ABOUT THE MUTAL AID WAS TO ADD THAT IT WAS BETWEEN THE CITY, VOLUNTEER FIRE DEPARTMENT AND THE CITY OF EAST LIVERPOOL OHIO. CHRIS LAUGHLIN SECOND. MOTION APPROVED 3-0.

MAYOR ROY CASHDOLLAR ASKED IF THE BILL COULD BE APPROVED AND PAID. ON A MOTION BY MR. DECAPIO SECOND BY ANNE FORD REMITTANCES OF \$17,054.49 WERE APPROVED. MOTION CARRIED 3-0.

MR. A. D. MASTRANTONI OF BROOKE -HANCOCK PLANING AND DEVELOPMENT COUNCIL MEETING REFLEX SECTION 3ARTICLE 9A CHAPTER 6 WESTVIRGINIA CODE BY SUNSHINE LAW.. MEETING OF JUNE 6 AT DOOR AND THE A ADDITON NOTICE OF TIME PLACE AND TOPIC OF NEW MEETING WAS PLACED AT THE FRONT DOOR OF THE CITY HALL TWO DAYS BEFORE THE MEETING.

WDA BOND ORDINANCE WAS THEN INTRODUCED BY TITLE FOR PASSAGE ON THE SECOND READING ON A MOTION BY MS. LAUGHLIN AND SECONDED BY MS. FORD AND PASSED UNANIMOUSLY. SECOND READING OF ORDINANCE #291 WAS READED BY ATTORNEY JOSEPH NOGAY. MOTION TO PASSED ACCEPT BY MR. FRANK DECAPIO AND SECONDED BY ANNE FORD. MOTION 3-0

PUBLICATION OF JUNE 7, 1988 ordinance #291 WAS TO BE STOP BY JUNE 6 BUT WAS NOT ABLE TO. THE 2ND NOTICE WILL BE JUNE 17, 1988 . special MEETING JUNE 21, 1988 at 7:00 . MOTION TO AUTHORIZE MEETING FOR JUNE 21, 1988 INSTEAD OF JUNE 20, 1988 was done by chris laughlin . motion CARRIED 3-0. ATTORNEY JOSEPH NOGAY ADDED TO THE MOVING OF MEETING DONE IN SUCH A WAY AS TO MEET THE CRITERIA OF THE W.VA. SUNSHINE LAW.

MR. MASTRANTONI WILL PRESENT A VOUCHER FROM VAUGHN CONSULTANTS AT THE NEXT MEETING.

MAYOR CASHDOLLARS ASK FOR MATERIAL FOR THE REPAIR OF THE STREETS. CHRIS LAUGHLIN APPROVED THE PURCHASE AND MOTION 3-0..

MR. NOGAY THEN PRESENTED A RESOLUTION ~~FORXXXXXXXXXXXXXXXXXXXX~~ SHOULD BROOKE HANCOCK JEFFERSON COMMISSION APPROVE A ADUIT OF THE CHESTER ROOFING PRODUCT INC. FOR THE HUD UDHE GRANT, THAT WOULD THE CITY AGREE WITH AT APPROVAL.

THE MEETING ADJOURNED AT 11:49AM.

JUNE 21, 1988

A SPECIAL MEETING OF THE COMMON COUNCIL, CITY OF CHESTER WAS CALLED TO ORDER BY MAYOR ROY CASHDOLLAR FOR THE PURPOSE OF VOTING ON THE BORROWING OF MONIES AT 7.5% INTEREST FROM THE WVDA AND HAVING A PUBLIC HEARING ON THE SAME AT 7:00 PM.

MEMBERS PRESENT: CITY CLERK JOHN ASH AND COUNCIL MEMBERS ANN FORD, FRANK DECAPIO AND CHRISTINE LAUGHLIN.

MR. MASTRANTONI CALLED FOR PUBLIC COMMENTS: THERE WERE NONE.

ON A MOTION BY MRS. LAUGHLIN SECOND BY MR. DECAPIO BOND ORDINANCE # 291 WAS PLACED ON ITS THIRD AND FINAL READING. MOTION CARRIED 3-0

THE CITY CLERK READ THE ORDINANCE BY TITLE.

ON A MOTION BY MR. DECAPIO SECOND BY MRS. FORD ORDINANCE # 291 WAS PASSED ON ITS THIRD AND FINAL READING MOTION CARRIED 3-0

ATTORNEY NOGAY REQUESTED THAT COUNCIL AUTHORIZE HIM TO REPRESENT THE CITY IN THE PREPARATION OF A CONSENT DEGREE WITH THE STATE OF W. VA.

ON A MOTION BY MRS. LAUGHLIN SECOND BY MR. DECAPIO HIS REQUEST WAS APPROVED. MOTION CARRIED 3-0

MR. MASTRANTONI REQUESTED ANOTHER MEETING OF CITY COUNCIL FOR THE SIGNING OF CONTRACT DOCUMENTS OF THE SEWER PROJECT.

ON A MOTION BY MRS. LAUGHLIN SECOND BY MRS. FORD THAT MEETING WAS SCHEDULED FOR JULY 5, 1988 AT 7:00 PM FOR THE CLOSING OF THE LOAN AGREEMENT. MOTION CARRIED 3-0

AT THE REQUEST OF MR. MASTRANTONI MRS. LAUGHLIN MADE A MOTION SECOND BY MR. DECAPIO TO TRANSFER THE AUTHORITY TO SIGN ON THE SEWER PROJECT FROM THE PRESENT CITY CLERK TO THE NEW CITY CLERK SALLY REILEY ON ALL EPA AND CBCG GRANTS. MOTION CARRIED 3-0


CITY CLERK - TREASURER
JOHN F. ASH

JULY 5, 1988

Meeting of the common council, city of Chester, was called to order at 7:00 P.M. by Mayor Roy Cashdollar.

Members present were city clerk John Ash, council member Frank DeCapio, and city attorney Joseph Nogay. Meeting called--no quorum.

John Ash

New members of council, mayor, and city clerk were sworn in by Attorney Nogay. Members sworn in were 1st Ward Councilman Wm. Tuttle; 2nd Ward Jerry D'Angelo; 3rd Ward Frank DeCapio; 4th Ward Jim Paulaskas; 5th Ward Jim Handley. Mayor Roy Cashdollar and City Clerk Sally Riley were also sworn in.

Riley read the minutes from council dated June 21st, 1988. Bill Tuttle moved and Jerry D'Angelo seconded that the minutes be approved as read. Motion carried 5-0.

Due to lack of a quorum in the final old council meeting, new council accepted (D'Angelo moved, Tuttle seconded, carried 5-0) remittances totalling \$6,385.95, and paid bills on hand (DeCapio moved, Paulaskas seconded, carried 5-0) totalling \$7,608.94, with the exception of a Clendenning Florist bill, which it was felt should be paid by the old council and officers.

Several communications were read by Att'y Nogay. All communications are attached to these minutes.

The mayor instructed the clerk to hold all checks for city licenses, and to tell those applying that they will receive their licenses when the new rates have been read and passed officially by ordinance.

Nogay reiterated his position that vouchers for substantial completion not be signed until the first meeting in August, 1988. Nogay also asked for a resolution from council to forward certain documents to the bond closing by way of Mastrantoni. D'Angelo so moved, Handley seconded, carried 5-0.

Nogay also mentioned that a continuance of hearing has been given in the Alice Stivanson case.

The mayor read a letter from Boyd which affirmed that the rates and charges set should be sufficient to handle repair and maintenance of the treatment plant and leave a balance each year equal to at least 110% of the amount required to service the debt on the sewer bonds.

Peggy Whitehill submitted a letter of resignation from the Planning Commission.

The mayor gave the new committee assignments. List attached. Members of the planning commission had to be approved by council. Decapio moved, D'Angelo seconded, carried 5-0.

The mayor read a letter from Arch Moore extending the cut-off date for Small Cities Block Grant applications, from July 29th to August 15th.

Various other communications were read. All are attached.

Tuttle moved, Paulauskas seconded to approve other committee assignments; carried 5-0.

A letter was read from Mark Smith complaining about being docked two days pay, hinting at legal action. Mr. Tuttle asked Att'y Nogay for direction. Nogay listed three possible actions: stand by mayor's decision, reverse mayor's decision, ask City Attorney, Mayor and Mr. Smith to talk it out with the Police Civil Service Commission. No action taken.

In another letter, Patrolman Smith requested permission to have a bullet removed from a dead dog for ballistic tests. D'Angelo moved, Decapio seconded to approve payment to a veterinarian for this procedure. Carried 5-0.

The mayor read Chief Robert Pugh's letter of resignation as Chief of Police as of July 15, 1988. Several council members expressed thanks and gratitude for Pugh's twenty years of service. Tuttle moved, Decapio seconded to accept the resignation. Carried 5-0.

The Chester Police Civil Service Commission wrote asking for verification that they will be paid for testing applicants for police positions, and requesting starting salary and residence requirement information. The clerk will prepare a letter containing this verification and information, which all council members must sign. Tuttle moved, Handley seconded, to assure the Commission in writing that their expenses will be paid. Carried 5-0.

The mayor announced that applications for ^{appointed street} employee positions will be taken until August 12. Interviews will be conducted between August 12 and August 15. One or two people will be hired. Applications will be in the City Clerk's office. Current employees can also apply. Decapio moved, D'Angelo seconded to approve this formula for appointment to the street employee (utility man) position(s). Carried 5-0.

Councilman D'Angelo recommended Roy Hart for the position of Municipal Judge. Tuttle seconded. Carried 4-1.

Tuttle moved, Handley seconded, appointment of City Clerk Sally Riley as City Treasurer. Carried 5-0.

Att'y Nogay recommended that mayor Cashdollar be named as trustee on ^{the deed of trust (in case of foreclosure) on} the HUD-U-DAG grants. Tuttle moved, D'Angelo seconded. Carried 5-0. Also on the Chester Roofing Products grant, Att'y Nogay asked council to allow him to approve invoice and expenditure payments to BHJ up to the \$15,000 contract limit. Tuttle moved, D'Angelo seconded to allow this. Carried 5-0.

Councilman Decapio moved to name Joseph Nogay as City Solicitor. D'Angelo seconded. Carried 5-0.

Butch Mastrantoni mentioned that the mayor and clerk would represent the city at the closing on July 6th of the water development bonding mechanism. He asked council to approve the First National Bank of Chester the Depository Bank under the bank ordinance (section 6, supplemental resolution) and to approve the amount of \$161,863.00 as the deposit in the series 1988 A bonds sinking fund as capitalized interest (section 7, supplemental resolution). D'Angelo moved, Tuttle seconded to accept these resolutions as read by the city clerk. Carried 5-0 (supplemental resolution attached). Tuttle also moved, D'Angelo seconding, to give the First National Bank of Chester written assurance of our choice of them as depository institution. Carried 5-0.

Councilman Decapio moved, Paulauskas seconded, to authorize BHJ to begin a Small Cities Block Grant application for a combination Senior Citizen and Youth Center. Carried 5-0.

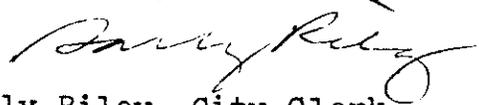
The mayor said that the Rock Springs Festival will be held by the Planning Commission, and that two additional members are needed for this commission.

Councilman Handley moved, D'Angelo seconded, to allow city employees to make purchases without a purchase order of up to \$50.00. Carried 5-0

Councilman Tuttle paid tribute to Charles Kology. A moment of silence was observed.

Tuttle moved to adjourn. Meeting adjourned at 8:35 PM.

Respectfully submitted,


Sally Riley, City Clerk



STEPTOE & JOHNSON

ATTORNEYS AT LAW

SIXTH FLOOR

UNION NATIONAL CENTER EAST

P. O. BOX 2190

CLARKSBURG, W. VA. 26302-2190

(304) 624-8000

TELECOPIER (304) 624-8183

—
CHARLESTON OFFICE

715 CHARLESTON NATIONAL PLAZA

P. O. BOX 1588

CHARLESTON, W. VA. 25326

(304) 342-2191

TELECOPIER (304) 342-0726

July 22, 1988

RANDALL C. LIGHT
CHRISTOPHER P. BASTIEN
STEVEN P. MCGOWAN
RICHARD M. YURKO, JR.
GARY W. NICKERSON
W. RANDOLF FIFE, JR.
MARTIN R. SMITH, JR.
LOUIS E. ENDERLE
ROBERT J. SCHIAVONI
JOSEPH R. FERRETTI
MARK E. KINLEY
EDWARD R. KOHOUT
MARCIA J. POLLARD

—
OF COUNSEL

ROBERT W. LAWSON, JR.
RALPH BOHANNON
ERNEST C. SWIGER

—
WRITER'S DIRECT DIAL NUMBER

CHARLES W. YEAGER
CARL F. STUCKY, JR.
HERBERT G. UNDERWOOD
JACKSON L. ANDERSON
OTIS L. O'CONNOR
ROBERT G. STEELE
JAMES M. WILSON
PATRICK D. DEEM
ROBERT M. STEPTOE, JR.
ANNE R. WILLIAMS
JAMES R. WATSON
JAMES D. GRAY
VINCENT A. COLLINS
JAMES A. RUSSELL
FRANK E. SIMMERMAN, JR.
WILLIAM T. BELCHER
MICHAEL L. BRAY
DAVID C. CLOVIS
DANIEL R. SCHUDA
J. GREG GOODYKOONTZ
IRENE M. KEELEY
EVANS L. KING, JR.
WALTER L. WILLIAMS
SUSAN S. BREWER
SPRAGUE W. HAZARD
HERSCHEL H. ROSE III
RONALD H. HANLAN
C. DAVID MORRISON
HARRY R. WADDELL
CLEMENT D. CARTER III
W. HENRY LAWRENCE IV
WILLIAM E. GALEOTA
GORDON H. COPLAND

City of Chester

Combined Waterworks and Sewerage System Revenue Bonds, Series 1988

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Philadelphia, Pennsylvania 19255

Gentlemen:

Enclosed herewith is a completed and executed Internal Revenue Service Form 8038-G and a file copy thereof with regard to the above-captioned bond issue. Please file the original form in the appropriate Internal Revenue Service records and return the copy marked in red as the "File Copy" to me (after acknowledging receipt of the same) in the enclosed self-addressed, stamped envelope. Thank you for your attention to this matter.

Very truly yours,


Vincent A. Collins

Enclosure

07/22/88
CHECO3-H

**Information Return for Tax-Exempt
 Governmental Bond Issues**
 ▶ Under Section 149(e)
 (Use Form 8038-GC if issue price is under \$100,000.)

Part I Reporting Authority Check box if Amended Return ▶

| | |
|--|---|
| 1 Issuer's name <u>CITY OF CHESTER</u> | 2 Issuer's employer identification number <u>55-6000162-062300</u> |
| 3 Number and street <u>City Hall</u> | 4 Report number <u>G198 8 - 1</u> |
| 5 City or town, state, and ZIP code <u>Chester, West Virginia 26034</u> | 6 Date of issue <u>July 6, 1988</u> |

Part II Type of Issue (check box(es) that applies)

| | |
|--|-------------|
| 7 Check box if bonds are tax or other revenue anticipation bonds ▶ <input type="checkbox"/> | Issue Price |
| 8 Check box if bonds are in the form of a lease or installment sale ▶ <input type="checkbox"/> | |
| 9 <input type="checkbox"/> Education | |
| 10 <input type="checkbox"/> Health and hospital | |
| 11 <input type="checkbox"/> Transportation | |
| 12 <input type="checkbox"/> Public safety | |
| 13 <input checked="" type="checkbox"/> Environment (including sewage bonds) Combined Waterworks and Sewerage Systems Revenue Bonds, Series 1988A | |
| 14 <input type="checkbox"/> Housing | |
| 15 <input type="checkbox"/> Utilities | |
| 16 <input type="checkbox"/> Other. Describe (see instructions) ▶ _____ | |

Part III Description of Bonds

| | (a) Maturity date | (b) Interest rate | (c) Issue price | (d) Stated redemption price at maturity | (e) Weighted average maturity | (f) Yield | (g) Net interest cost |
|-------------------|----------------------|----------------------|--------------------|--|----------------------------------|--------------|--------------------------|
| 17 Final maturity | 10-1-28 | 9.0% | \$96,993 | \$96,993 | | | |
| 18 Entire issue | | | \$1,133,851 | \$1,133,851 | 29.4 years | 9.0 | 9.0 |

Part IV Uses of Original Proceeds of Issue (including underwriters' discount)

| | | |
|--|----|-----------|
| 19 Proceeds used for accrued interest | 19 | -0- |
| 20 Proceeds used for bond issuance costs (including underwriters' discount) (and capital interest) | 20 | \$175,363 |
| 21 Proceeds used for credit enhancement | 21 | -0- |
| 22 Proceeds allocated to reasonably required reserve or replacement fund | 22 | \$105,723 |
| 23 Proceeds used to refund prior issues | 23 | -0- |
| 24 Nonrefunding proceeds of the issue (subtract lines 20, 21, 22, and 23 from line 18, column (c)) | 24 | \$852,765 |

Part V Description of Refunded Bonds (complete this part only for refunding bonds)

25 Enter the remaining weighted average maturity of the bonds to be refunded ▶ _____ years

26 Enter the last date on which the refunded bonds will be called ▶ _____

27 Enter the date(s) the refunded bonds were issued ▶ _____

Part VI Miscellaneous

28 Enter the amount (if any) of the state volume cap allocated to this issue ▶ _____

29 Arbitrage rebate:

a Check box if the small governmental unit exception to the arbitrage rebate requirement applies

b Check box if the 6-month temporary investment exception to the arbitrage rebate requirement is expected to apply

c Check box if you expect to earn and rebate arbitrage profits to the U.S.

30 Enter the amount of the bonds designated by the issuer under section 265(b)(3)(B)(ii) ▶ _____

31 Pooled financings:

a Check box if any of the proceeds of this issue are to be used to make loans to other governmental units ▶ and enter the amount ▶ _____

b Check box if this issue is a loan made from the proceeds of another tax-exempt issue ▶ and enter the name of the issuer ▶ W. Va. Water Development Authority and the date of the issue ▶ April 28, 1988

Please Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature of officer: Roy Cashdollar Date: July 6, 1988 Title: Chairman

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

NEW ISSUE REPORT FORM

Date of Report: July 6, 1988

(See Reverse for Instructions)

ISSUE: CITY OF CHESTER COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988A

ADDRESS: City Hall, Chester, WV 26034 COUNTY: Hancock

PURPOSE New Money

OF ISSUE: Refunding Refunds issue(s) dated: _____

ISSUE DATE: July 6, 1988 CLOSING DATE: July 6, 1988

ISSUE AMOUNT: \$ 1,133,851 RATE: 9.0%

1st DEBT SERVICE DUE: October 1, 1988 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: 24,094.34 PAYING AGENT: W. Va. Mun. Bond Comm.

ISSUERS

BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins

Phone: (304) 624-8161

CLOSING BANK: First Nat. Bank of Chester

Contact Person: Robert L. Gessford

Phone: 387-3500

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Betty Nagy

Position: Waterworks Clerk

Phone: 387-0114

UNDERWRITERS

BOND COUNSEL: Jackson & Kelly

Contact Person: T. W. Miller

Phone: (304) 340-1317

ESCROW TRUSTEE:

Contact Person: _____

Phone: _____

OTHER:

Contact Person: _____

Function: _____

Phone: _____

DEPOSITS TO MBC AT CLOSE:

By Wire
 Check

Accrued Interest: \$ _____
Capitalized Interest: \$ 161,863
Reserve Account: \$ 105,723
Other: \$ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE:

By Wire
 Check
 IGT

To Escrow Trustee: \$ _____
To Issuer: \$ _____
To Cons. Invest. Fund: \$ _____
To Other: \$ _____

NOTES:

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
REQUIRED:
TRANSFERS
REQUIRED:

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

Series 1988B

NEW ISSUE REPORT FORM

Date of Report: July 6, 1988

(See Reverse for Instructions)

ISSUE: CITY OF CHESTER COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988B

ADDRESS: City Hall, Chester, WV 26034 COUNTY: Hancock

PURPOSE: New Money Refunding Refunds issue(s) dated: _____

ISSUE DATE: July 6, 1988 CLOSING DATE: July 6, 1988

ISSUE AMOUNT: \$ 283,463 RATE: 0%

1st DEBT SERVICE DUE: October 1, 1990 1st PRINCIPAL DUE: October 1, 1990

1st DEBT SERVICE AMOUNT: 7,268 PAYING AGENT: W. Va. Mun. Bond Comm.

ISSUERS
 BOND COUNSEL: Steptoe & Johnson

Contact Person: Vincent A. Collins
 Phone: (304) 624-8161

UNDERWRITERS
 BOND COUNSEL: Jackson & Kelly

Contact Person: T. W. Miller
 Phone: (304) 340-1317

CLOSING BANK: First Nat. Bank of Chester

Contact Person: Robert L. Gessford
 Phone: 387-3500

ESCROW TRUSTEE: _____

Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Betty Nagy
 Position: Waterworks Clerk
 Phone: 387-0114

OTHER: _____

Contact Person: _____
 Function: _____
 Phone: _____

| | | |
|---|-----------------------|-----------------|
| DEPOSITS TO MBC AT CLOSE: | Accrued Interest: | \$ _____ |
| By _____ Wire | Capitalized Interest: | \$ _____ |
| <input checked="" type="checkbox"/> Check | Reserve Account: | \$ <u>7,279</u> |
| | Other: | \$ _____ |

| | | |
|--------------------------------------|------------------------|----------|
| REFUNDS & TRANSFERS BY MBC AT CLOSE: | To Escrow Trustee: | \$ _____ |
| By _____ Wire | To Issuer: | \$ _____ |
| _____ Check | To Cons. Invest. Fund: | \$ _____ |
| _____ IGT | To Other: | \$ _____ |

NOTES: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS
 REQUIRED: _____
 TRANSFERS
 REQUIRED: _____

28B





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION III

841 Chestnut Building
Philadelphia, Pennsylvania 19107

OCT 7 1985

CERTIFIED MAIL

RE: C-540265-02
City of Chester

Honorable Samuel J. DeCapio
Mayor, City of Chester
City Hall
Chester, West Virginia 26034

Dear Mayor DeCapio:

We are pleased to inform you of the award of a Step 2/3 Federal grant for the preparation of construction drawings and specifications, and construction of wastewater treatment works for the referenced project, as described in your application and approved by the West Virginia Department of Natural Resources.

The grant award is for an amount not to exceed \$1,513,320. This amount is subject to the conditions set forth in Part III of the Assistance Agreement.

Copies of the applicable Federal Regulations are forwarded for your reference.

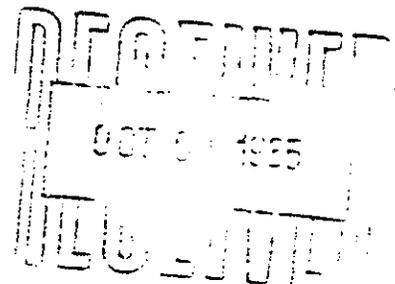
The original and a copy of the Assistance Agreement are enclosed. The original copy of the Agreement should be signed and returned to Ms. Catherine Mastropieri, Chief, Grants Management Section, within twenty-one days of your receipt. The copy should also be signed and retained for your files.

Sincerely,

Alvin R. Morris, Director
Water Management Division

Enclosures (2)

cc: Mr. Mike Johnson, WVDNR
Mr. Edgar Henry, WDA
Cerrone & Vaughn, Inc. ✓



29A

| | | | | | |
|---|--|---|--|-----------------------------------|--|
| 1. ASSISTANCE NOTICE | | 2. PAYMENT METHOD | | 3. DATE | |
| 4. TYPE | | 5. <input type="checkbox"/> Advance <input checked="" type="checkbox"/> Reimbursement <input type="checkbox"/> Letter of Credit | | 6. TYPE OF ACTION | |
| 7. <input checked="" type="checkbox"/> Grant Management Section | | 8. TYPE OF ACTION | | 9. Continuation | |
| 10. RECIPIENT | | | 11. PAYEE | | |
| City of Chester City Hall Chester, West Virginia 26034 | | | City of Chester City Hall Chester, West Virginia 26034 | | |
| 12. FEDERAL DISTRICT | | | 13. RECIPIENT TYPE | | |
| 1st | | | City | | |
| 14. PROJECT MANAGER AND TELEPHONE NO. | | | 15. CONSULTANT (FWT Construction Grants Only) | | |
| Samuel J. DeCapio, Mayor (304) 387-2820 | | | Cerrone & Vaughn, Incorporated 401 Main Street Wheeling, West Virginia 26003 (304) 272-5550 | | |
| 16. ISSUING OFFICE (City/State) | | | 17. EPA PROJECT/STATE OFFICER AND TELEPHONE NO. | | |
| Philadelphia, Pennsylvania | | | R. Fenton Roudabush, Chief Virginia-West Virginia Section (215) 597-9131 | | |
| 18. EPA CONGRESSIONAL LIAISON & TEL. NO. | | 19. STATE APPL ID (Congressional) | | 20. FIELD OF SCIENCE | |
| Patricia Gaskins (202) 382-5184 | | | | N/A | |
| 21. STATUTORY AUTHORITY | | 22. REGULATORY AUTHORITY | | 23. PROJECT STEP (FWT CC Only) | |
| Clean Water Act, Title II | | 40 CFR Parts 30 & 35 | | 11/1111 | |
| 24. STEP 2 - 3 & STEP 3 (FWT Construction Only) | | | | | |
| a. Treatment Level 3 | | | | | |
| b. Project Type ICT | | | | | |
| c. Treatment Process 2 | | | | | |
| d. Budget Design 5 | | | | | |
| 25. PROJECT TITLE AND DESCRIPTION | | | | | |
| The project consists of the preparation of construction drawings and specifications, upgrading and expansion of the existing plant to a .41 MGD extended aeration treatment plant, and construction of 16,000 LF of gravity collectors and appurtenances. The eligible project includes associated costs as defined in 40 CFR 35.2250 up to the amounts shown in Part II of the Assistance Agreement. | | | | | |
| 26. PROJECT LOCATION (Area Impacted by Project) | | | | | |
| City/Town | | County | | Congressional District | |
| Chester | | Hancock | | 1st | |
| 27. ASSISTANCE PROGRAM (CFDA Program No. & Title) | | 28. PROJECT PERIOD | | 29. BUDGET PERIOD | |
| 66.418 | | 09/85 - 04/89 | | N/A | |
| 30. COMMUNITY POPULATION (FWT CC Only) | | 31. TOTAL BUDGET PERIOD COST | | 32. TOTAL PROJECT PERIOD COST | |
| 3,297 | | N/A | | 2,751,500 | |
| 33. FUNDS | | 34. FORMER AWARD | | 35. THIS ACTION | |
| | | | | 1,518,320 | |
| 36. EPA Amount This Action | | 37. EPA on-Kind Amount | | 38. Unexpended Prior Year Balance | |
| | | | | | |
| 39. Other Federal Funds | | 40. Recipient Contribution | | 41. State Contribution | |
| | | | | | |
| 42. Local Contribution | | 43. Other Contribution | | 44. Alternative Project Cost | |
| | | | | 2,751,500 | |
| 45. Program Element | | 46. FY | | 47. Appropriation | |
| | | | | | |
| 48. Doc. Control No. | | 49. Account Number | | 50. Direct Class | |
| | | | | | |
| 51. Obligation/Disburse. Amount | | 52. Obligation/Disburse. Amount | | 53. Obligation/Disburse. Amount | |
| | | | | | |

| | |
|--|--------|
| 1. PERSONNEL | |
| 2. FRINGE BENEFITS | |
| 3. TRAVEL | |
| 4. EQUIPMENT | |
| 5. SUPPLIES | |
| 6. CONTRACTUAL | |
| 7. CONSTRUCTION | |
| 8. OTHER | |
| 9. TOTAL DIRECT CHARGES | |
| 10. INDIRECT COSTS RATE % BASE | |
| 11. TOTAL (Share: Recipient _____% Federal _____%) | |
| 12. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

TABLE B - PROGRAM ELEMENT CLASSIFICATION
(Non-construction)

| | |
|--|--------|
| 1. | |
| 2. | |
| 3. | |
| 4. | |
| 5. | |
| 6. | |
| 7. | |
| 8. | |
| 9. | |
| 10. | |
| 11. | |
| 12. TOTAL (Share: Recipient _____% Federal _____%) | |
| 13. TOTAL APPROVED ASSISTANCE AMOUNT | \$ N/A |

TABLE C - PROGRAM ELEMENT CLASSIFICATION
(Construction)

| | |
|--|--------------|
| 1. ADMINISTRATION EXPENSE | 5,000 |
| 2. PERSONNEL Project Coordinator | 31,274 |
| 3. LAND STRUCTURES, RIGHT-OF-WAY | |
| 4. ARCHITECTURAL ENGINEERING BASIC FEES | 66,965 |
| 5. OTHER ARCHITECTURAL ENGINEERING FEES | 62,803 |
| 6. PROJECT INSPECTION FEES | 201,070 |
| 7. LAND DEVELOPMENT | |
| 8. RELOCATION EXPENSES | |
| 9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES | |
| 10. DEMOLITION AND REMOVAL | |
| 11. CONSTRUCTION AND PROJECT IMPROVEMENT | 2,055,000 |
| 12. EQUIPMENT | |
| 13. PERSONNEL Design Allowance | 122,276 |
| 14. TOTAL (Lines 1 thru 13) | |
| 15. ESTIMATED INCOME (If applicable) | |
| 16. NET PROJECT AMOUNT (Line 14 minus 15) | |
| 17. LESS INELIGIBLE EXCLUSIONS | |
| 18. ADD. CONTINGENCIES | 205,112 |
| 19. TOTAL (Share: Recipient <u>45</u> % Federal <u>55</u> %) | 2,751,500 |
| 20. TOTAL APPROVED ASSISTANCE AMOUNT | \$ 1,513,320 |

recipient covenants and agree. At it will expeditiously initiate and complete the project work for which assistance has been awarded under this agreement, in accordance with all applicable provisions of 40 CFR Chapter 1, Subpart B. The recipient warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter 1, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFP Part 30, and (2) any special conditions set forth in this assistance agreement or any assistance amendment pursuant to 40 CFR 30.425.

b. SPECIAL CONDITIONS:

(For cooperative agreements include identification or summarization of EPA responsibilities that reflect or contribute to substantial involvement.)

A. The grantee is subject to all the requirements of 40 CFR Part 35, Subpart I, Part 30, Part 33 and other pertinent regulations. The grantee is directed to certain following special considerations of those requirements.

"1. Regulations Affecting Federal Grant Payments

- (a) Payments shall not be made for Step III professional services until the grantee complies with the procurement requirements of 40 CFR Part 33, Subpart A.
- (b) The Regional Administrator shall not pay more than 50% of the Federal share unless the grantee has furnished a satisfactory final plan of operation, and shall not pay more than 90% unless the grantee has furnished a satisfactory operation and maintenance manual (40 CFR 35.2206).
- (c) Payments shall be made in accordance with 40 CFR 35.2300.
- (d) The grantee may submit requests for payment for allowable costs incurred in accordance with the following schedule:

| <u>Payment No.</u> | <u>Date</u> | <u>Payment</u> | <u>Cumulative Amount</u> (not to be exceeded) |
|--------------------|-------------|----------------|--|
| 1 | 06/86 | 32,860 | 32,860 |
| 2 | 04/87 | 32,860 | 65,720 |
| 3 | 05/87 | 88,140 | 153,860 |
| 4 | 06/87 | 135,000 | 288,860 |
| 5 | 07/87 | 170,000 | 458,860 |
| 6 | 08/87 | 200,000 | 658,860 |
| 7 | 09/87 | 170,000 | 828,860 |
| 8 | 10/87 | 130,000 | 958,860 |
| 9 | 11/87 | 90,000 | 1,048,860 |
| 10 | 12/87 | 50,000 | 1,098,860 |
| 11 | 01/88 | 50,000 | 1,148,860 |
| 12 | 02/88 | 85,000 | 1,233,860 |
| 13 | 03/88 | 125,000 | 1,358,860 |
| 14 | 04/88 | 143,680 | 1,502,540 |
| 15 | 10/88 | 5,390 | 1,507,930 |
| 16 | 04/89 | 5,390 | 1,513,320 |

2. Project Schedule Changes

For any changes in the project which increase the cost, delay or accelerate the project or alter the project in other ways (40 CFR 35.2204), the grantee must receive a formal grant amendment from the Regional Administrator before implementing the changes. Of particular interest is any change in completion of final design drawings and specifications, date of advertisement for bids, the building completion date as referenced in 40 CFR 35.2216, and the initiation of project operation date. The latter date is considered, at the time of this grant, to be 04/88. The grantee further agrees to provide the Regional Administrator, upon request, with a revised schedule for payment.

3. Project Initiation

The grantee agrees to initiate the building of all significant elements of the project within 12 months after authorization to advertise for bids has been given (40 CFR 35.2212). To the extent practicable this initiation should not occur before all sites, easements and rights-of-way are acquired. The grantee shall notify the Regional Administrator immediately upon award of the contracts.

4. Sewer Use Ordinance and User Charge System

The grantee agrees to adopt its sewer use ordinance and implement its user charge system before the treatment works is placed in operation (40 CFR 35.2208).

5. Project Performance

The grantee agrees to certify to the Regional Administrator on the date one year after the initiation of operation whether or not the project is capable of meeting the project performance standards (40 CFR 35.2218(c)).

6. Subagreements and Contracts

(a) The grantee agrees to negotiate a subagreement and contract for all services to be awarded under this grant. Such subagreements and contracts shall be in conformance with and incorporate the required clauses of 40 CFR Part 33.

(b) A copy of the proposed subagreements and contracts shall be submitted to the Regional Administrator for review and pre-award approval as appropriate under 40 CFR Part 33. The submittal of the proposed subagreements and contracts shall include the procurement records required in Appendix A to 40 CFR Part 33.

(c) The grantee shall submit to the Regional Administrator the proposed subagreement and contract cost or price data on EPA Form 5700-41 or on a form which contains similar information.

7. Flood Insurance

The grantee agrees to acquire and maintain at his own cost any flood insurance made available to it under the National Flood Insurance Act of 1968, as amended. This condition shall not be applicable if, on the date of execution of this Grant Agreement by both parties, flood insurance was not available pursuant to the Flood Insurance Act of 1968, as amended, for property in the project location.

8. Land Acquisition

The grantee shall not make any offer to acquire allowable real property until the Regional Administrator approves the price the grantee will offer the property owner (40 CFR 35.2210).

9. Review

The grantee recognizes that approval of any part of this grant, change orders, grant increase amendments, subagreements, any specific items, or eligibility of any other costs will be subject to final review, including project officer review, audit review, and final determination of the Grant Approving official.

10. Advertisement for Bids

Prior to the advertisement for construction bids, the grantee agrees to submit to the Regional Administrator for approval the following:

- (a) A user charge system (40 CFR 35.2140); and
- (b) Final design drawings and specifications (40 CFR 35.2040 (b)(5)).

11. MBE/WBE Requirements

The recipient agrees to submit to the Chief, Construction Grants Branch, Attn: EEO Specialist, EPA Region III, a completed EPA Form 6005-1 within 30 days after the date the recipient begins building the project (see 40 CFR 35.2202). This 6005-1 will contain the information on subagreement awards to minority and women's businesses used during the design phase of the project.

The recipient further agrees to submit to the Chief, Construction Grants Branch, Attn: EEO Specialist, EPA-Region III, a completed Form 6005-1 within 15 days after the end of each Federal fiscal quarter during which the recipient or its contractors award any subagreements to a minority or women's business for building and building-related services and supplies.

12. Audit Requirement

The recipient agrees that it will comply with the provisions of OMB Circular A-128 governing the audit of State and local government recipients of federal assistance for fiscal years that begin after December 31, 1984. (This requirement replaces 40 CFR 30.540(b) which is based on OMB Circular A-102, Attachment P.)

13. Corrective Action to Remove Excessive Inflow

- (a) An inflow analysis including a replacement/rehabilitation plan and schedule, must be submitted to DNR concurrent with the initial submission of plans and specifications.
- (b) Rehabilitation/replacement program must be completed in accordance with the approved rehabilitation schedule but no later than 90% of construction completion.

14. Public Participation

Additional public participation will be performed in accordance with the work plan established for the development of the user charge system."

13. Corrective Action to Remove Excessive Inflow

- (a) An inflow analysis including a replacement/rehabilitation plan and schedule, must be submitted to DNR concurrent with the initial submission of plans and specifications.
- () Rehabilitation/replacement program must be completed in accordance with the approved rehabilitation schedule but no later than 90% of construction completion.

14. Public Participation

Additional public participation will be performed in accordance with the work plan established for the development of the user charge system."

PART IV

NOTE: The Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters award; and to the appropriate Grants Administrations Office for State and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the withdrawal of the offer by the Agency. Any change to the Agreement by the recipient subsequent to the document being signed by the EPA Award Official which the Award Official determines to materially alter the Agreement shall void the Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers assistance/amendment to the City of Chester

for 55 % of all approved costs incurred up to and not exceeding \$ 1,513,320

for the support of approved budget period effort described in application (including all application modifications) C-540265-02 City of Chester

included herein by reference.

ISSUING OFFICE (Grants Administration Office)

AWARD APPROVAL OFFICE

ORGANIZATION/ADDRESS
Environmental Protection Agency
Grants Management Section (3PM32)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

ORGANIZATION/ADDRESS
Environmental Protection Agency
Water Management Division (3WM00)
841 Chestnut Building
Philadelphia, Pennsylvania 19107

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL

TYPED NAME AND TITLE

James M. Scif, Regional Administrator

DATE JUN 13 1986

This Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and assistance regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the recipient organization, and (2) the recipient agrees (a) that the award is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED RECIPIENT ORGANIZATION

SIGNATURE

TYPED NAME AND TITLE

DATE



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

ARCH A. MOORE, JR.
Governor

RONALD R. POTESTA
Director

ROBERT K. PARSONS
Deputy Director

June 1, 1988

Mrs. Catherine A. Mastropieri, Chief
Grants Management Branch
Environmental Protection Agency
Region III
841 Chestnut Building
Philadelphia, Pennsylvania 19107

RE: City of Chester
C-540265-02

Dear Mrs. Mastropieri:

Transmitted are the Part B documents for the above referenced project.

The State approves the bidding procedures and the grant increase of \$487,850. The revised allowable cost of \$3,638,500 reflect an EPA grant of \$2,001,170. The State certifies there are sufficient reserves to fund this request.

Should you have any questions, please contact Rosalie Ortega of my staff at (304) 348-0637.

Sincerely,

CONSTRUCTION GRANTS BRANCH

A handwritten signature in cursive script that reads "Mike Johnson".

Mike Johnson, P. E.
Branch Head

MJ/ROa

Enclosures

cc: Chester
Vaughn Consultants
Ed Henry, WDA



STATE OF WEST VIRGINIA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF WATER RESOURCES
1201 Greenbrier Street
Charleston, West Virginia 25311

ARCH A. MOORE, JR.
Governor

RONALD R. POTESTA
Director

ROBERT K. PARSONS
Deputy Director

June 2, 1988

Mr. John Ash, City Clerk
City of Chester
City Hall
Chester, West Virginia 26034

RE: City of Chester
C-540265-02

Dear Mr. Ash:

You are hereby advised that the bidding procedures for Contracts 2, 3 and 5 of the above referenced project have been reviewed and approved. The contracts may now be awarded to the low, responsive bidders, Independent Enterprises, Incorporated, The Conti Corporation, and Green Bar, Incorporated, as indicated by the proposal you have submitted.

Certain construction activities have been assigned to our Engineering Section. You will be contacted by a representative of this section in the near future.

The Part B documents that you submitted have been reviewed by this office. The Environmental Protection Agency (EPA Form 5780-1B) has been approved with some revisions. The official approval letter and the grant amendment are currently being processed and will be forwarded under separate cover. The total eligible project costs have been determined to be \$3,638,500 reflecting a revised EPA grant amount of \$2,001,170.

Should you have any questions, please contact Rosalie Ortega or Elbert Morton at (304) 348-0637.

Sincerely,

CONSTRUCTION GRANTS BRANCH

A handwritten signature in cursive script that reads "Mike Johnson".

Mike Johnson, P. E.
Branch Head

MJ/ROa

cc: R. Fenton Rouabush, EPA
Vaughn Consultants
Ed Henry, WDA
Howard Cunningham, PSC
Vince Collins, Steptoe & Johnson





STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON 25305

Page 1 of 2

JOHN D. ROCKEFELLER IV
GOVERNOR

August 10, 1984

Dear Mayor DeCapio,

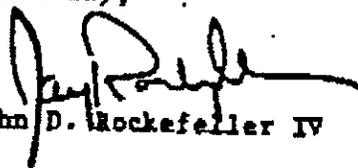
I am pleased to advise you that I am approving \$500,000 from the Small Cities Block Grant Program to the City of Chester for sewer line extensions to the areas of Fairview and Tinsonville.

This commitment is based upon the project's ability to address community development needs benefiting persons of low and moderate income. You should note that the project must be underway within twelve months to avoid loss of these funds.

You will be contacted by my Office of Economic and Community Development. They have been instructed to initiate the action necessary to insure that all required federal documentation and guidelines required by the United States Department of Housing and Urban Development are met and will assist you in the necessary procedures for implementing this project.

Your efforts to provide new sewer service primarily to persons of low and moderate income are commendable.

Sincerely,


John D. Rockefeller IV

Honorable Sam DeCapio
Office of the Mayor
Chester, West Virginia 26034

2-0-8-28

STATE OF WEST VIRGINIA
OFFICE OF THE GOVERNOR
CHARLESTON, W. VA.

Page 2 Of 2

ARCH. MOORE, JR.
11/17/86

November 17, 1986

Honorable Roy Cashdollar
of Chester
Carolina Avenue
Chester, West Virginia 26034

Dear Mayor Cashdollar:

I am pleased to confirm my approval of your Small Cities Block
application in the amount of \$250,000 to the Town of Chester.
These funds will enable you to construct a sewage treatment plant
and make improvements to the sewer collection system.

In order to most effectively use the limited dollars available, I
hereby commit \$125,000 from our FY 1986 allocation which will be immediately
available to you. The remaining \$125,000 necessary to complete this
project will be evaluated and committed in the coming fiscal year. I
encourage you to immediately expedite this project and reach its completion
as quickly as possible with this funding strategy in mind.

My Community Development staff will contact you to complete the
necessary contracts in order to proceed with your project.

It is with great pleasure that I am able to work with you to make
this improvement a reality for the citizens of Chester.

Sincerely,


Arch A. Moore, Jr.
Governor

AMJ:cs

Contracts were
not included in
this letter

J



CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

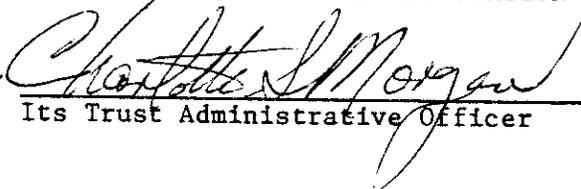
ACCEPTANCE OF DUTIES OF REGISTRAR

ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association with its principal office in the City of Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the City of Chester Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, all dated July 6, 1988, in the aggregate principal amount of \$1,417,314 and agrees to perform all duties of Registrar in connection with such Bonds, all as set forth in the Local Act authorizing issuance of the Bonds.

Dated this 6th day of July, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Trust Administrative Officer

07/05/88
CHEC01-V



CITY OF CHESTER

Combined Waterworks and Sewerage System Revenue Bonds,
Series 1988 A and Series 1988 B

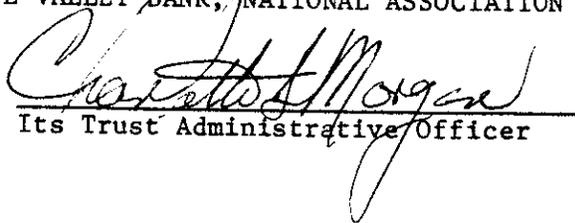
CERTIFICATE OF REGISTRATION OF BONDS

I, Charlotte S. Morgan, Trust Administrative Officer of One Valley Bank, National Association, as Registrar under the Local Act and Registrar's Agreement providing for the \$1,417,314 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, of the City of Chester (the "Issuer"), hereby certify that on the 6th day of July, 1988, the single fully registered Series 1988 A Bond of the Issuer in the principal amount of \$1,133,851 designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1988 A," numbered AR-1, and the single fully registered Series 1988 B Bond of the Issuer in the principal amount of \$283,463 designated "Combined Waterworks and Sewerage System Revenue Bond, Series 1988 B," numbered BR-1, were registered as to principal and interest (the Series 1988 B Bond being registered as to principal only) in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the One Valley Bank, National Association, as Registrar.

WITNESS my signature as of this 6th day of July, 1988.

ONE VALLEY BANK, NATIONAL ASSOCIATION

By


Its Trust Administrative Officer

07/05/88
CHEC01-Y



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REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 6th day of July, 1988, by and between the CITY OF CHESTER, a municipal corporation and political subdivision of the State of West Virginia (the "Issuer"), and ONE VALLEY BANK, NATIONAL ASSOCIATION, a national banking association (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its \$1,417,314 aggregate principal amount of Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 A and Series 1988 B, in fully registered form (collectively, the "Bonds"), pursuant to a Bond Ordinance enacted June 21, 1988, and a Supplemental Resolution adopted July 6, 1988 (collectively, the "Local Act");

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

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

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

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

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

by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

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

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

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

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

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

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

ISSUER: City of Chester
 City Hall
 375 Carolina Avenue
 Chester, West Virginia 26034
 Attention: Mayor

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

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

IN WITNESS WHEREOF, the CITY OF CHESTER and ONE VALLEY BANK, NATIONAL ASSOCIATION have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

CITY OF CHESTER

By Ray C. Caldwell
Mayor

ONE VALLEY BANK, NATIONAL ASSOCIATION

By Charlotte Morgan
Its Corp. Trust Admin. Officer

07/05/88
CHEC01-X

EXHIBIT A

[Included in transcript as Document No. 1]



General Electric Capital Corporation
3535 Briarpark Drive #155
P.O. Box 420250, Houston, TX 77242-0250
800 426-4936

June 22, 1988

Vincent A. Collins
Steptoe and Johnson
P. O. box 2190
Clarksburg, WV 26302-2190

RE: **CITY OF CHESTER**
ACCOUNT NUMBER 1217521

Dear Mr. Collins,

You are hereby advised that the City of Chester's request to borrow up to \$1,430,000.00 from the West Virginia Water Development Authority on a junior lien basis to the loan held by the Community Program Loan Trust 1987 A has been granted. Feel free to call if you have any questions.

Sincerely,

Kevin A. Chandler
Customer Relations Manager

KAC/daw/3273



ASSIGNMENT SEPARATE FROM BOND

FOR VALUE RECEIVED, the West Virginia Water Development Authority hereby sells, assigns and transfers unto One Valley Bank, National Association, Charleston, West Virginia, the Combined Waterworks and Sewerage System Revenue Bond, Series 1988 A, of the City of Chester in the principal amount of \$1,133,851, numbered AR-1, standing in the name of West Virginia Water Development Authority on the books of said Issuer.

Dated: July 6, 1988.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY


Authorized Representative

07/05/88
CHEC01-Z