

CITY OF CHARLES TOWN

**Combined Waterworks and Sewerage System
Revenue Bonds, Series 2000 A
(West Virginia SRF Program)
Volume I
Date of Closing: June 22, 2000**

BOND TRANSCRIPT

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CITY OF CHARLES TOWN

**Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)**

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Ordinance
2. Supplemental Resolution
3. SRF Loan Agreement
4. Public Service Commission Orders
5. Infrastructure Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2000 A Bond
9. Financing Statements and Certificates of Filing

OPINIONS OF COUNSEL

10. Approving Opinion on Series 2000 A Bond of Steptoe & Johnson, Bond Counsel
11. Opinion of Counsel to Issuer
12. Opinion of Public Service Commission Counsel to Issuer

13. Title Opinion

CERTIFICATES

14. General Certificate of Issuer and Attorney
15. Certificate as to Arbitrage
16. Certificate of Engineer, with Schedule A Attached
17. Certificate of Certified Public Accountant

DOCUMENTS OF THE ISSUER

18. City Charter, with Amendments
19. Oaths of Office of Officers and Councilmembers
20. Sewer and Water Rate Ordinance and Public Service Commission Orders relating thereto
21. Minutes on Adoption and Enactment of Sewer and Water Rate Ordinance
22. Affidavit of Publication on Sewer and Water Rate Ordinance
23. Minutes on Adoption and Enactment of Bond Ordinance and Adoption of Supplemental Resolution
24. Affidavit of Publication of Abstract of Bond Ordinance and Notice of Public Hearing
25. IRS Information Return (Form 8038-G) and Letter of Transmittal
26. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

27. Acceptance by F & M Bank - West Virginia, Inc., of Appointment as Depository Bank
28. Acceptance by One Valley Bank, National Association, of Duties as Registrar
29. Certificate of Registration of Bonds
30. Registrar's Agreement
31. NPDES Permit
32. 1987 B Bond Ordinance and Supplemental Resolution
33. 1988 B-1 Bond Ordinance and Supplemental Resolution
34. 1988 B-2 Bond Ordinance and Supplemental Resolution
35. 1989 B Bond Ordinance and Supplemental Resolution
36. 1998 Refunding Bond Ordinance and Supplemental Resolution
37. 1998 Design Bond Ordinance and Supplemental Resolution
38. Consent of Prior Bondholders
39. Closing Memorandum

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CITY OF CHARLES TOWN

**COMBINED WATERWORKS AND SEWERAGE
SYSTEM REVENUE BONDS,
SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)**

BOND ORDINANCE

Table of Contents

| Subject | | Page |
|---|--|-------------|
| ARTICLE I | | |
| STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS | | |
| Section 1.01 | Authority for this Ordinance | 1 |
| Section 1.02 | Findings | 1 |
| Section 1.03 | Bond Legislation Constitutes Contract | 5 |
| Section 1.04 | Definitions | 6 |
| ARTICLE II | | |
| AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT | | |
| Section 2.01 | Authorization of Acquisition and Construction of the Project | 15 |
| ARTICLE III | | |
| AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT | | |
| Section 3.01 | Authorization of Bonds | 16 |
| Section 3.02 | Terms of Bonds | 16 |

| | | |
|--------------|---|----------|
| Section 3.03 | Execution of Bonds | 17 |
| Section 3.04 | Authentication and Registration | 17 |
| Section 3.05 | Negotiability, Transfer and Registration | 17 |
| Section 3.06 | Bonds Mutilated, Destroyed, Stolen or Lost | 18 |
| Section 3.07 | Bonds not to be Indebtedness of the Issuer | 18 |
| Section 3.08 | Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds | 19 |
| Section 3.09 | Delivery of Bonds | 19 |
| Section 3.10 | Form of Bonds FORM OF BOND | 19 20 |
| Section 3.11 | Sale of Bonds; Approval and Ratification of Execution of Loan Agreement | 29 |
| Section 3.12 | "Amended Schedule A" Filing | 29 |

**ARTICLE IV
[RESERVED]** 30

**ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES
AND APPLICATION THEREOF**

| | | |
|--------------|--|----|
| Section 5.01 | Establishment of Funds and Accounts with Depository Bank | 31 |
| Section 5.02 | Establishment of Funds and Accounts with Commission | 31 |
| Section 5.03 | System Revenues; Flow of Funds | 31 |

**ARTICLE VI
BOND PROCEEDS**

| | | |
|--------------|---|----|
| Section 6.01 | Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds | 36 |
| Section 6.02 | Disbursements From the Bond Construction Trust Fund | 36 |

**ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER**

| | | |
|--------------|--|----|
| Section 7.01 | General Covenants of the Issuer | 38 |
| Section 7.02 | Bonds not to be Indebtedness of the Issuer | 38 |

| | | |
|--------------|--|----|
| Section 7.03 | Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds | 38 |
| Section 7.04 | Rates and Charges | 38 |
| Section 7.05 | Sale of the System | 39 |
| Section 7.06 | Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances | 40 |
| Section 7.07 | Parity Bonds | 41 |
| Section 7.08 | Books; Records and Audit | 42 |
| Section 7.09 | Rates | 44 |
| Section 7.10 | Operating Budget and Monthly Financial Report | 45 |
| Section 7.11 | Engineering Services and Operating Personnel | 46 |
| Section 7.12 | No Competing Franchise | 47 |
| Section 7.13 | Enforcement of Collections | 47 |
| Section 7.14 | No Free Services | 47 |
| Section 7.15 | Insurance and Construction Bonds | 47 |
| Section 7.16 | Mandatory Connections | 49 |
| Section 7.17 | Completion of Project; Permits and Orders | 50 |
| Section 7.18 | Compliance with Loan Agreement and Law | 50 |
| Section 7.19 | Tax Covenants | 50 |
| Section 7.20 | Securities Laws Compliance | 51 |
| Section 7.21 | Statutory Mortgage Lien | 51 |
| Section 7.22 | Contracts; Public Releases | 52 |

**ARTICLE VIII
INVESTMENT OF FUNDS; USE OF PROCEEDS**

| | | |
|--------------|-----------------|----|
| Section 8.01 | Investments | 53 |
| Section 8.02 | Use of Proceeds | 53 |

**ARTICLE IX
DEFAULT AND REMEDIES**

| | | |
|--------------|-------------------------|----|
| Section 9.01 | Events of Default | 55 |
| Section 9.02 | Remedies | 55 |
| Section 9.03 | Appointment of Receiver | 55 |

**ARTICLE X
PAYMENT OF BONDS**

| | | |
|---------------|------------------|----|
| Section 10.01 | Payment of Bonds | 58 |
|---------------|------------------|----|

**ARTICLE XI
MISCELLANEOUS**

| | | |
|---------------|---|----|
| Section 11.01 | Amendment or Modification of Bond Legislation | 59 |
| Section 11.02 | Bond Legislation Constitutes Contract | 59 |
| Section 11.03 | Severability of Invalid Provisions | 59 |
| Section 11.04 | Headings, Etc. | 59 |
| Section 11.05 | Conflicting Provisions Repealed; Prior Ordinances | 59 |
| Section 11.06 | Covenant of Due Procedure, Etc. | 60 |
| Section 11.07 | Effective Date | 60 |
| Section 11.08 | Statutory Notice and Public Hearing | 60 |
| | SIGNATURES | 61 |
| | CERTIFICATION | 62 |
| | EXHIBIT A | 63 |

CITY OF CHARLES TOWN

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE COUNCIL OF THE CITY OF CHARLES TOWN:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Ordinance. This Ordinance (together with any ordinance, order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation"), is enacted pursuant to the provisions of Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public combined waterworks and sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer, consisting of a self-cleaning filter screen, a vortex grit removal system, an influent pumping station, batch reactors, aerobic digesters, a new two meter belt filter press, and all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public combined waterworks and sewerage system of the Issuer, the Project and any further additions thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the City Clerk of the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds"), in the total aggregate principal amount of not more than \$3,500,000, initially to be represented by a single bond, to permanently finance the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2000 A Bonds prior to and during acquisition or construction and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2000 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise; administrative expense; commitment fees; fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined); discount; initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2000 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized; the acquisition and construction

of the Project and the placing of same in operation; and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2000 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of the Project is not less than 30 years.

F. It is in the best interests of the Issuer that its Series 2000 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), in form satisfactory to the Issuer, the Authority and the DEP (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 A Bonds as to liens, pledge, source of and security for payment, as follows:

- (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 (the "Series 1987 B Bonds") ;
- (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916 (the "Series 1988 B-1 Bonds");
- (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000 (the "Series 1988 B-2 Bonds");
- (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480 (the "Series 1989 B Bonds");
- (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Refunding Bonds"); and
- (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601 (the "Series 1998 Design Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds and the Series 1998 Design Bonds are hereinafter collectively called the "Prior Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances".

The Series 2000 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

Prior to the issuance of the Series 2000 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds (other than the Series 1998 Refunding Bonds) to the issuance of the Series 2000 A Bonds on a parity with such Bonds.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and to make all payments into all funds and accounts and other payments provided for herein and in the Prior Ordinances.

I. With the advance written consent of the Authority and the DEP, the Issuer may, in lieu of funding the Series 2000 A Bonds Reserve Account with cash or Qualified Investments, satisfy the Series 2000 A Bonds Reserve Requirement by the deposit into the Series 2000 A Bonds Reserve Account of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the DEP in an amount at least equal to the Series 2000 A Bonds Reserve Requirement. The Issuer hereby authorizes the purchase of a reserve account letter of credit, a surety bond, or other credit facility satisfactory to the Authority and the DEP and the execution and delivery of any applicable reimbursement agreement or note in such forms as shall be described in the Supplemental Resolution.

J. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2000 A Bonds, or will have so complied

prior to issuance of any thereof, including, among other things, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2000 A Bonds or such final order will not be subject to appeal.

K. The Issuer is a governmental unit which has general taxing powers to finance operations of or facilities of the nature of the Project and the System; 95% or more of the Net Proceeds of the Series 2000 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the Issuer, all subordinate entities, all entities which issue obligations on behalf of the Issuer, and all entities formed or, to the extent provided under Section 148 of the Code, herein defined, availed of, to avoid the purposes of Section 148(f)(4)(D) of the Code and all other entities benefitting thereby reasonably expect to issue less than \$5,000,000 aggregate principal amount of tax-exempt obligations (other than private activity bonds) during the calendar year in which the Series 2000 A Bonds are to be issued.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of Series 2000 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2000 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2000 A Bonds, or

any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

"Board" means the Utility Board of the Issuer.

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

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

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

"Bonds" means, collectively, the Series 2000 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another ordinance of the Issuer.

"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.

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

"City Manager" means the City Manager of the Issuer.

"Closing Date" means the date upon which there is an exchange of the Series 2000 A Bonds for all or a portion of the proceeds of the Series 2000 A Bonds from the Authority.

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

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

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

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

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

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

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

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

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

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

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

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

"Gross Revenues" means the aggregate gross operating and non-operating revenues of the System, as hereinafter defined, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital

assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreement" means the Loan Agreement, heretofore entered, or to be entered, into by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2000 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Mayor" means the Mayor of the Issuer.

"Net Proceeds" means the face amount of the Series 2000 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2000 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2000 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 as defined in Section 148(b) of the Code, that is not a purpose investment.

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

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

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

"Paying Agent" means the Commission or other entity or authority designated as such for the Series 2000 A Bonds in the Supplemental Resolution with the written consent of the Authority and the DEP.

"Prior Bonds" means, collectively, the Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds and the Series 1998 Design Bonds.

"Prior Bonds Reserve Accounts" means, collectively, the respective reserve accounts established at the Commission for the Prior Bonds.

"Prior Bonds Sinking Funds" means, collectively, the respective sinking funds established at the Commission for the payment of the Prior Bonds.

"Prior Ordinances" means, collectively, the ordinance of the Issuer enacted November 16, 1987, the ordinance of the Issuer enacted April 18, 1988, the ordinance of the Issuer enacted May 16, 1988, the ordinance of the Issuer enacted April 3, 1989, and the ordinances of the Issuer enacted March 16, 1998, authorizing the issuance of the Prior Bonds.

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

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

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Prior Bonds and the Series 2000 A Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any reserve account for the Prior Bonds and the Series 2000 A Bonds.

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

"Series 1987 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629.

"Series 1988 B-1 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916.

"Series 1988 B-2 Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000.

"Series 1989 B Bonds" means the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480.

"Series 1998 Refunding Bonds" means the Issuer's Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000.

"Series 1998 Design Bonds" means the Issuer's Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601.

"Series 2000 A Bonds" means the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, authorized by this Bond Legislation.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established in the Series 2000 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2000 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 A Bonds in the then current or any succeeding year.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Prior Bonds and the Series 2000 A Bonds.

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

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Ordinance and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2000 A Bonds; provided, that any matter intended by this Ordinance to be included in the Supplemental Resolution with respect to the Series 2000 A Bonds, and not so included may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION
OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of \$4,318,670, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the SRF Program.

The cost of the Project is estimated not to exceed \$4,318,670, of which approximately \$3,163,781 will be obtained from proceeds of the Series 2000 A Bonds and approximately \$1,154,889 will be obtained from a contribution from the Jefferson County Public Service District which will be borrowed from the SRF Program.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2000 A Bonds, funding a reserve account for the Series 2000 A Bonds, paying Costs of the Project not otherwise provided for, and paying certain costs of issuance of the Series 2000 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2000 A Bonds of the Issuer, in an aggregate principal amount of not more than \$3,500,000. The Series 2000 A Bonds shall be issued as a single bond, designated as "Combined Waterworks and Sewerage System Revenue Bond, Series 2000 A (West Virginia SRF Program)," and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2000 A Bonds remaining after funding of the Series 2000 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, on the Series 2000 A Bonds shall be deposited in or credited to the Series 2000 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2000 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2000 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2000 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2000 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2000 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2000 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2000 A Bonds shall be executed in the name of the Issuer by the Mayor and City Manager, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the City Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2000 A Bonds shall cease to be such officer of the Issuer before the Series 2000 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2000 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of the authorization of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2000 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2000 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2000 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2000 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2000 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2000 A Bonds.

The registered Series 2000 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2000 A Bonds or transferring the registered Series 2000 A Bonds are exercised, all Series 2000 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2000 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2000 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Series 2000 A Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2000 A Bonds or, in the case of any proposed redemption of Series 2000 A Bonds, next preceding the date of the selection of Series 2000 A Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2000 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be

payable solely from the Gross Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2000 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds and the Series 2000 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as the same become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2000 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2000 A Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2000 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2000 A Bonds to the original purchasers;
- C. An executed and certified copy of Bond Legislation;
- D. An executed copy of the Loan Agreement; and
- E. The unqualified approving opinion of bond counsel on the Series 2000 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2000 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-_____

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation and political subdivision of the State of West Virginia in Jefferson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS (\$ _____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation), on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of 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 the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP dated _____, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS"), (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS"), (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS"), (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS"), (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998, DATED MAY 15, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT

OF \$10,355,000 (THE "SERIES 1998 REFUNDING BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 29, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$437,601 (THE "SERIES 1998 DESIGN BONDS").

THE SERIES 1987 B BONDS, THE SERIES 1988 B-1 BONDS, THE SERIES 1988 B-2 BONDS, THE SERIES 1989 B BONDS, THE SERIES 1998 REFUNDING BONDS AND THE SERIES 1998 DESIGN BONDS ARE HEREINAFTER COLLECTIVELY CALLED 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, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross 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 CHARLES TOWN has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated _____, 2000.

[SEAL]

Mayor

City Manager

ATTEST:

City Clerk

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 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: _____, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By _____
Its Authorized Officer

EXHIBIT A
RECORD OF ADVANCES

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

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

In the presence of:

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2000 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Mayor is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the City Clerk is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

- (1) Revenue Fund (established by the Prior Ordinances);
- (2) Renewal and Replacement Fund (established by the Prior Ordinances);
- (3) Series 2000 A Bonds Construction Trust Fund; and
- (4) Rebate Fund (established by the Prior Ordinances).

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

- (1) Series 2000 A Bonds Sinking Fund; and
 - (a) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account.

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

- (1) The Issuer shall first, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission, (i) the

amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds for payment of interest on the Prior Bonds and (ii) commencing 3 months prior to the first date of payment of interest on the Series 2000 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2000 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission, (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Sinking Funds and Redemption Accounts for payment of principal of the Prior Bonds and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2000 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2000 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously remit to the Commission, (i) the amounts required by the Prior Ordinances to be deposited in the Prior Bonds Reserve Accounts and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2000 A Bonds, if not fully funded upon issuance of the Series 2000 A Bonds, for deposit in the Series 2000 A Bonds Reserve Account, an amount equal to 1/120 of the Series 2000 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 2000 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2000 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund an amount sufficient to pay current Operating Expenses of the System.

(5) The Issuer shall next, on the first day of each month, transfer from the moneys remaining in the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund (as previously set forth in the Prior Ordinances and not in addition thereto), a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the 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. Subject to the restrictions contained in the Prior Ordinances so long as the Prior Bonds are outstanding, withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, or improvements or extensions to the System; provided, that any deficiency in any Reserve Account, except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof, shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2000 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2000 A Bonds as the same shall become due. Moneys in the Series 2000 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2000 A Bonds, as the same shall come due, when other moneys in the Series 2000 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2000 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2000 A Bonds Reserve Account which result in a reduction in the balance of the Series 2000 A Bonds Reserve Account to below the Series 2000 A Bonds Reserve Requirement shall be subsequently restored from the first Gross Revenues available after all required payments have been made in full in the order set forth above.

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

The Issuer shall not be required to make any further payments into the Series 2000 A Bonds Sinking Fund or into the Series 2000 A Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 2000 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal and interest payments, and any payments made for the purpose of funding any Reserve Account, whether for a deficiency or otherwise, shall be made on a parity basis and pro rata with respect to the Prior Bonds and Series 2000 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account created hereunder, and all amounts required for said Sinking Fund and Reserve Account shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2000 A Bonds Sinking Fund, including the Series 2000 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2000 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required interest, principal and reserve account payments with respect to the Series 2000 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of

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

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 2000 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2000 A Bonds, there shall first be deposited with the Commission in the Series 2000 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2000 A Bonds, there shall be deposited with the Commission in the Series 2000 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2000 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 2000 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 2000 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so transferred or expended, are hereby pledged as additional security for the Series 2000 A Bonds.

D. After completion of acquisition and construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2000 A Bonds shall be used to fund the Series 2000 A Bonds Reserve Account, if not funded upon issuance of the Series 2000 A Bonds, in an amount not to exceed the Series 2000 A Bonds Reserve Requirement; provided that, in no event shall more than 10% of the proceeds of the Series 2000 A Bonds be deposited in the Series 2000 A Bonds Reserve Account.

Section 6.02. Disbursements From the Bond Construction Trust Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the DEP a report listing the specific purposes for which the proceeds of the Series 2000 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2000 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP of the following:

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

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

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

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

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

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

Pending such application, moneys in the Series 2000 A Bonds Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2000 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2000 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2000 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2000 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2000 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2000 A Bonds or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Gross Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2000 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Gross Revenues derived from the operation of the System, on a parity with the lien on the Gross Revenues in favor of the Holders of the Prior Bonds. Such Gross Revenues, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 2000 A Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth in the sewer rate ordinance of the Issuer enacted on September 7, 1999, and the water rate ordinance of the Issuer enacted July 17, 1995, which rates are incorporated herein by reference as a part hereof.

So long as the Series 2000 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth

in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2000 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Ordinances and with the written consent of the Authority and the DEP. Additionally, so long as the Series 2000 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2000 A Bonds, immediately be remitted to the Commission for deposit in the Series 2000 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2000 A Bonds as prescribed by Section 10.01 hereof. Any balance remaining after the payment of the Bonds and the interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, the Issuer shall, by resolution, 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 Funds and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the Sinking Funds or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding, without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of all Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2000 A Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2000 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 2000 A Bonds and the Prior Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation and the Prior Ordinances at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2000 A Bonds and the Prior Bonds, and the interest thereon, upon any of the income and revenues of the System pledged for payment of the Series 2000 A Bonds and the Prior Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

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

System or from any grants for the Project, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Ordinances shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2000 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided (unless less restrictive than the provisions of the Prior Ordinances).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2000 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of acquisition or construction of additions, extensions, improvements or betterments to the System or refunding the Series 2000 A Bonds or the Prior Bonds issued pursuant hereto, or both such purposes.

No Parity Bonds shall be issued at any time, however, unless and until there has been procured and filed with the 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 date of issuance of such Parity Bonds, shall be not less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

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

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

certificate of the Independent Certified Public Accountants, which shall be filed in the office of the 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 Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and the Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to issuance of such Parity Bonds.

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Series 2000 A Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section and the Prior Ordinances. All such Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the Gross Revenues of the System, and their source of and security for payment from said Gross Revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior lien of the Series 2000 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2000 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring,

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2000 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2000 A Bonds requesting the same, an annual report containing the following:

- (A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.
- (B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2000 A Bonds and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2000 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

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

Section 7.09. Rates. Prior to the issuance of the Series 2000 A Bonds, equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of the rates and charges so established will be continuously on file with the City Clerk, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created (or, where appropriate, continued) hereunder. Such schedule of rates and charges shall be changed and readjusted

whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 2000 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2000 A Bonds Reserve Account and any reserve accounts for obligations prior to or on a parity with or junior to the Series 2000 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2000 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Series 2000 A Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04 hereof.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget until the Issuer shall have approved such additional expenditures by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the certificate by a professional engineer, that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority, the DEP and to any Holder of any Bonds who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached

to the Loan Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP by the 10th day of each month.

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

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

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

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

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

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2000 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

- (1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual

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

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

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

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the sewerage facilities portion of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

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

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

A. **PRIVATE BUSINESS USE LIMITATION.** The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2000 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 2000 A Bonds during the term thereof is, under the terms of the Series 2000 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2000 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2000 A Bonds during the term thereof is, under the terms of the Series 2000 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 2000 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 2000 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project to which such Private Business Use is related, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 2000 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 2000 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2000 A Bonds and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2000 A Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions, or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2000 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2000 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2000 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2000 A Bonds held in "contingency" as set forth in the schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2000 A Bonds made available due to bid or construction or project underruns.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2000 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2000 A Bonds from gross income for federal income tax purposes.

Section 8.02. Small Issuer Exemption from Rebate. In accordance with Section 148(f)(4)(D) of the Code, the Issuer covenants that it is a governmental unit with general taxing powers; that no part of the Series 2000 A Bonds are private activity bonds; that 95% or more of the Net Proceeds of the Series 2000 A Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and that the aggregate face amount of all the

tax-exempt obligations (other than private activity bonds) issued by the Issuer during the calendar year in which the Series 2000 A Bonds are issued does not and will not exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 A Bonds. For purposes of this first paragraph of Section 8.03 and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code, be treated as not issued by such unit; all obligations issued by a subordinate entity shall, for purposes of applying this first paragraph of Section 8.03 and Section 148(f)(4)(D) of the Code to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid the purposes of such Section 148(f)(4)(D) of the Code and all other entities benefiting thereby shall be treated as one issuer.

Notwithstanding the foregoing, if in fact the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 2000 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issue exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during

the Bond Year which would make the Series 2000 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2000 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2000 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2000 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2000 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds; (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2000 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

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

commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to the Series 2000 A Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with the power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2000 A Bonds, the principal of and interest, if any, due or to become due thereon at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of 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 2000 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2000 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2000 A Bonds, this Ordinance may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2000 A Bonds, no material modification or amendment of this Ordinance, or of any ordinance, resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2000 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2000 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 2000 A Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2000 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2000 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Ordinance should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance, the Supplemental Resolution or the Series 2000 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Ordinances. Except for the Prior Ordinances, all ordinances, orders or resolutions and or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed,

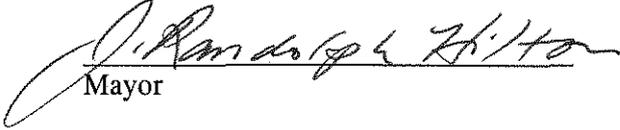
provided that, in the event of any conflict between this Ordinance and the Prior Ordinances, the Prior Ordinances shall control (unless less restrictive), so long as the Prior Bonds or any portion thereof are Outstanding.

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

Section 11.07. Effective Date. This Ordinance shall take effect immediately following public hearing hereon.

Section 11.08. Statutory Notice and Public Hearing. Upon adoption hereof, an abstract of this Ordinance determined by the Governing Body to contain sufficient information as to give notice of the contents hereof shall be published once a week for 2 successive weeks within a period of fourteen consecutive days, with at least 6 full days intervening between each publication, in the Spirit of Jefferson Advocate, a qualified newspaper published and of general circulation in the City of Charles Town, together with a notice stating that this Ordinance has been adopted and that the Issuer contemplates the issuance of the Series 2000 A Bonds, and that any person interested may appear before the Governing Body upon a date certain, not less than ten days subsequent to the date of the first publication of such abstract of this Ordinance and notice, and present protests, and that a certified copy of this Ordinance is on file with the Governing Body for review by interested persons during office hours of the Governing Body. At such hearing, all objections and suggestions shall be heard and the Governing Body shall take such action as it shall deem proper in the premises.

Passed on First Reading: - May 15, 2000
Passed on Second Reading: - June 5, 2000
Passed on Final Reading
Following Public Hearing - June 19, 2000


Mayor

CERTIFICATION

Certified a true copy of an Ordinance duly enacted by the Council of the CITY OF CHARLES TOWN on the 19th day of June, 2000.

Dated: June 22, 2000.

[SEAL]



City Clerk

05/11/00
144220/99002

EXHIBIT A

Loan Agreement included in bond transcript as Document No. 3

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF CHARLES TOWN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the city council (the "Governing Body") of the City of Charles Town (the "Issuer") has duly and officially adopted and enacted a bond ordinance, effective June 19, 2000 (the "Bond Ordinance"), entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM

REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Ordinance provides for the issuance of Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer (the "Series 2000 A Bonds"), in the aggregate principal amount not to exceed \$3,500,000, and has authorized the execution and delivery of a loan agreement relating to the Series 2000 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Loan Agreement"), all in accordance with Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Ordinance it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provisions, interest rate, interest and principal payment dates, sale price and other terms of the Series 2000 A Bonds should be established by a supplemental resolution pertaining to the Series 2000 A Bonds; and that other matters relating to the Series 2000 A Bonds be herein provided for;

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

WHEREAS, the Series 2000 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date,

the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2000 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2000 A Bonds be herein provided for;

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

Section 1. Pursuant to the Bond Ordinance and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of \$3,163,781. The Series 2000 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2021, and shall bear interest at the rate of 2% per annum. The principal of and the interest on the Series 2000 A Bonds shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending December 1, 2021, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2000 A Bonds. The Series 2000 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2000 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 2000 A Bonds set forth in the "Schedule Y" attached to the Loan Agreement.

Section 2. All other provisions relating to the Series 2000 A Bonds and the text of the Series 2000 A Bonds shall be in substantially the form provided in the Bond Ordinance.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the DEP and the Authority. The price of the Series 2000 A 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, to serve as Registrar (the "Registrar") for the Series 2000 A Bonds under the Bond Ordinance and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2000 A Bonds, by and

between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Mayor, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2000 A Bonds under the Bond Ordinance.

Section 6. The Issuer does hereby appoint and designate F & M Bank - West Virginia, Inc., Ranson, West Virginia, to serve as Depository Bank under the Bond Ordinance.

Section 7. Series 2000 A Bonds proceeds in the amount of \$-0- shall be deposited in the Series 2000 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2000 A Bonds proceeds in the amount of \$192,320 shall be deposited in the Series 2000 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2000 A Bonds shall be deposited in or credited to the Series 2000 A Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2000 A Bonds and related costs.

Section 10. The Mayor, City Manager and the City Clerk are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Series 2000 A Bonds hereby and by the Bond Ordinance approved and provided for, to the end that the Series 2000 A Bonds may be delivered on or about June 22, 2000, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Series 2000 A Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 13. The Issuer hereby determines to invest all moneys in the funds and accounts established by the Bond Ordinance held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts until further directed in writing by the Issuer. Moneys in the Sinking Funds,

including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds. The Issuer hereby appoints the City of Charles Town Utility Board as its agent for the review and approval of all future invoices for the Project to be paid from the proceeds of the Bonds.

Section 15. The Issuer shall not permit at any time or times any of the proceeds of the Series 2000 A 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 Series 2000 A Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2000 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

Adopted this 19th day of June, 2000.



Mayor

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of the City of Charles Town on the 19th day of June, 2000.

Dated: June 22, 2000.

[SEAL]



City Clerk

06/14/00
144220/99002

SRF-LP-1
(4/6/00)

LOAN AGREEMENT

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

CITY OF CHARLES TOWN

(Local Government)

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

1.9 "Project" means the wastewater treatment facility project hereinabove referred to, to be constructed or being constructed by the Local Government in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the

Local Government in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Local Government shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority and DEP and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Government, the Local Government or (at the option of the Local Government) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form)

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

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

2.10 The Local Government shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to DEP when the Project is 90% completed. The Local Government shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Government shall employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The Local Government shall notify DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

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

shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

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

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

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

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

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

(j) The net proceeds of the Local Bonds, together with all moneys on deposit or to be simultaneously deposited (or, with respect to proceeds of grant anticipation notes or other indebtedness for which a binding purchase contract has been

entered, to be deposited on a date certain) and irrevocably pledged thereto and the proceeds of grants irrevocably committed therefor, shall be sufficient to pay the costs of construction and acquisition of the Project as set forth in the Application, and the Authority and DEP shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of wastewater treatment projects and satisfactory to the Authority and DEP, to such effect, such certificate to be in form and substance satisfactory to the Authority and DEP, and evidence satisfactory to the Authority and DEP of such irrevocably committed grants.

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

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

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

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

may purchase the bonds of other local governments set out in the State Project Priority List, as defined in the SRF Regulations. The Local Government further specifically recognizes that all loans will be originated in conjunction with the SRF Regulations and with the prior approval of DEP.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

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

deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or the Regulations, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, provided that the net proceeds to be realized from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local

Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of such System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

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

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

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

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

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

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

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

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

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

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

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F

and incorporated herein by reference, and submit a copy of said form along with a copy of the check or electronic transfer to the Authority by the 5th day of such calendar month;

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

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

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

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

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Local Government

6.1 The Local Government hereby acknowledges to the Authority and DEP its understanding of the provisions of the Act, vesting in the Authority and DEP certain powers, rights and privileges with respect to wastewater treatment projects in the event of default by the Local Government in the terms and covenants of this Loan Agreement, and

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

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

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

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

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

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

7.7 This Loan Agreement shall terminate upon the earlier of:

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

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

(iii) termination by the Authority and DEP pursuant to Section 6.2 hereof; or

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

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

CITY OF CHARLES TOWN

[Name of Local Government]

(SEAL)

By: J. Randolph Hilton
Its: Mayor

Attest:

Date: 6/13/00

Andrew Hamilton
Its Recorder

WEST VIRGINIA DIVISION OF ENVIRONMENTAL PROTECTION

By: Allyson Turner
Its: Chief

Date: 6-15-00

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: David B. Zankash
Its: Director

Attest:

Date: June 1, 2000

Barbara B. Meadows
Secretary-Treasurer

00832/00372

M0310404.1

EXHIBIT A

[Form of Performance Certificate]

[TO BE PROVIDED BY DEP]

EXHIBIT B

[Form of Monthly Financial Report]

[Name of Local Government]

[Name of Bond Issue]

Fiscal Year - __

Report Month: _____

| <u>MINUS</u> | <u>ITEM</u> | <u>CURRENT</u> | <u>TOTAL</u> | <u>BUDGET</u> | <u>BUDGET</u> |
|--------------|---|----------------|----------------|----------------|----------------|
| | | <u>MONTH</u> | <u>YEAR TO</u> | <u>YEAR TO</u> | <u>YEAR TO</u> |
| | | | <u>DATE</u> | <u>DATE</u> | <u>DATE</u> |
| 1. | Gross Revenues Collected | | | | |
| 2. | Operating Expenses | | | | |
| 3. | Other Bond Debt Payments (including Reserve Account Deposits) | | | | |
| 4. | SRF Bond Payments (include Reserve Account Deposits) | | | | |
| 5. | Renewal and Replacement Fund Deposit | | | | |

Witnesseth my signature this ___ day of _____, _____.

[Name of Local Government]

By: _____
Authorized Officer

Instructions for Completing Monthly Financial Report

1. You will need a copy of the current fiscal year budget adopted by the Local Government to complete Items 1 and 2. In Item 1, provide the amount of actual gross revenues for the current month and the total amount year to date in the respective columns. Divide the budgeted annual gross revenues by 12. For example, if gross revenues of \$1,200 are anticipated to be received for the year, each month the base would be increased by \$100 ($1200/12$). This is the incremental amount for the Budget Year to Date column.
2. In Item 2, provide the amount of actual operating expenses for the current month and the total amount year to date in the respective columns. The SRF administrative fee should be included in the operating expenses. Divide the budgeted annual operating expenses by 12. For example, if operating expenses of \$900 are anticipated to be incurred for the year, each month the base would be increased by \$75 ($900/12$). This is the incremental amount for the Budget Year to Date column.
3. In Item 3, provide the principal, interest and reserve account payments for all the outstanding bonds of the Local Government other than this Loan.
4. In Item 4, provide the principal, interest and reserve account payments for this Loan. You need to call the Municipal Bond Commission for the exact amount of these payments and when they begin.
5. In Item 5, provide the amount deposited into the Renewal and Replacement Fund each month. This amount is equal to 2.5% of gross revenues minus the total reserve account payments included in Items 3 and 4. If gross revenues are \$12,000, the Renewal and Replacement Fund should have an amount of \$300 (2.5% of \$12,000), LESS the amount of all reserve account payments in Items 3 & 4. The money in the Renewal and Replacement Fund should be kept separate and apart from all other funds of the Local Government.
6. The Local Government must complete the Monthly Financial Report and forward it to the DEP by the 10th day of each month, commencing on the date contracts are executed for the construction of the Project and for 2 years following the completion of the Project. DEP will notify the Local Government when the Monthly Financial Report no longer needs to be filed.

EXHIBIT C

PAYMENT REQUISITION FORM

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

EXHIBIT D

FORM OF CERTIFICATE OF CONSULTING ENGINEER

(Issuer)

(Name of Bonds)

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

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

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

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

Schedule A attached hereto as Exhibit A, and my firm¹ has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof², the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by DEP; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____

West Virginia License No. _____

[SEAL]

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

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

EXHIBIT E

SPECIAL CONDITIONS

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

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

EXHIBIT F

[Monthly Payment Form]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest \$ _____

Principal \$ _____

Total: \$ _____

Reserve Account: \$ _____

Witness my signature this ____ day of _____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

[Opinion of Bond Counsel for Local Government]

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly

adopted or enacted by the Local Government on _____, as supplemented by the supplemental resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

Based upon the foregoing and upon our examination of such other documents as we have deemed necessary, we are of the opinion as follows:

1. The Loan Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government enforceable in accordance with the terms thereof.

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

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

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

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

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

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

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

Very truly yours,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

| | |
|---------------------------------|--------------------|
| Principal Amount of Local Bonds | <u>\$3,163,781</u> |
| Purchase Price of Local Bonds | <u>\$3,163,781</u> |

The Local Bonds shall bear no interest from the date of delivery to and including November 30, 2001. Commencing March 1, 2002, interest on the Local Bonds is payable quarterly, at a rate of 2 % per annum. Commencing March 1, 2002, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

See attached schedule.

Outstanding Bonds

- (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629;
- (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916;
- (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000;
- (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480;
- (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000; and
- (6) Combined Waterworks and Sewerage System design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601.

SCHEDULE Y

City of Charles Town (West Virginia)

Loan of \$3,163,781

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|------------|-----------|--------|-----------|-----------|
| 9/01/2000 | - | - | - | - |
| 12/01/2000 | - | - | - | - |
| 3/01/2001 | - | - | - | - |
| 6/01/2001 | - | - | - | - |
| 9/01/2001 | - | - | - | - |
| 12/01/2001 | - | - | - | - |
| 3/01/2002 | 32,261.00 | 2.000% | 15,818.91 | 48,079.91 |
| 6/01/2002 | 32,423.00 | 2.000% | 15,657.60 | 48,080.60 |
| 9/01/2002 | 32,585.00 | 2.000% | 15,495.49 | 48,080.49 |
| 12/01/2002 | 32,748.00 | 2.000% | 15,332.56 | 48,080.56 |
| 3/01/2003 | 32,911.00 | 2.000% | 15,168.82 | 48,079.82 |
| 6/01/2003 | 33,076.00 | 2.000% | 15,004.27 | 48,080.27 |
| 9/01/2003 | 33,241.00 | 2.000% | 14,838.89 | 48,079.89 |
| 12/01/2003 | 33,407.00 | 2.000% | 14,672.68 | 48,079.68 |
| 3/01/2004 | 33,574.00 | 2.000% | 14,505.65 | 48,079.65 |
| 6/01/2004 | 33,742.00 | 2.000% | 14,337.78 | 48,079.78 |
| 9/01/2004 | 33,911.00 | 2.000% | 14,169.07 | 48,080.07 |
| 12/01/2004 | 34,081.00 | 2.000% | 13,999.51 | 48,080.51 |
| 3/01/2005 | 34,251.00 | 2.000% | 13,829.11 | 48,080.11 |
| 6/01/2005 | 34,422.00 | 2.000% | 13,657.85 | 48,079.85 |
| 9/01/2005 | 34,594.00 | 2.000% | 13,485.74 | 48,079.74 |
| 12/01/2005 | 34,767.00 | 2.000% | 13,312.77 | 48,079.77 |
| 3/01/2006 | 34,941.00 | 2.000% | 13,138.94 | 48,079.94 |
| 6/01/2006 | 35,116.00 | 2.000% | 12,964.23 | 48,080.23 |
| 9/01/2006 | 35,291.00 | 2.000% | 12,788.65 | 48,079.65 |
| 12/01/2006 | 35,468.00 | 2.000% | 12,612.20 | 48,080.20 |
| 3/01/2007 | 35,645.00 | 2.000% | 12,434.86 | 48,079.86 |
| 6/01/2007 | 35,824.00 | 2.000% | 12,256.63 | 48,080.63 |
| 9/01/2007 | 36,003.00 | 2.000% | 12,077.51 | 48,080.51 |
| 12/01/2007 | 36,183.00 | 2.000% | 11,897.50 | 48,080.50 |
| 3/01/2008 | 36,364.00 | 2.000% | 11,716.58 | 48,080.58 |
| 6/01/2008 | 36,545.00 | 2.000% | 11,534.76 | 48,079.76 |
| 9/01/2008 | 36,728.00 | 2.000% | 11,352.04 | 48,080.04 |
| 12/01/2008 | 36,912.00 | 2.000% | 11,168.40 | 48,080.40 |
| 3/01/2009 | 37,096.00 | 2.000% | 10,983.84 | 48,079.84 |
| 6/01/2009 | 37,282.00 | 2.000% | 10,798.36 | 48,080.36 |
| 9/01/2009 | 37,468.00 | 2.000% | 10,611.95 | 48,079.95 |
| 12/01/2009 | 37,656.00 | 2.000% | 10,424.61 | 48,080.61 |
| 3/01/2010 | 37,844.00 | 2.000% | 10,236.33 | 48,080.33 |
| 6/01/2010 | 38,033.00 | 2.000% | 10,047.11 | 48,080.11 |
| 9/01/2010 | 38,223.00 | 2.000% | 9,856.94 | 48,079.94 |
| 12/01/2010 | 38,414.00 | 2.000% | 9,665.83 | 48,079.83 |
| 3/01/2011 | 38,606.00 | 2.000% | 9,473.76 | 48,079.76 |
| 6/01/2011 | 38,799.00 | 2.000% | 9,280.73 | 48,079.73 |
| 9/01/2011 | 38,993.00 | 2.000% | 9,086.73 | 48,079.73 |
| 12/01/2011 | 39,188.00 | 2.000% | 8,891.77 | 48,079.77 |

City of Charles Town (West Virginia)
Loan of \$3,163,781
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|--------------|---------------------|----------|-------------------|-----------------------|
| 3/01/2012 | 39,384.00 | 2.000% | 8,695.83 | 48,079.83 |
| 6/01/2012 | 39,581.00 | 2.000% | 8,498.91 | 48,079.91 |
| 9/01/2012 | 39,779.00 | 2.000% | 8,301.00 | 48,080.00 |
| 12/01/2012 | 39,978.00 | 2.000% | 8,102.11 | 48,080.11 |
| 3/01/2013 | 40,178.00 | 2.000% | 7,902.22 | 48,080.22 |
| 6/01/2013 | 40,379.00 | 2.000% | 7,701.33 | 48,080.33 |
| 9/01/2013 | 40,581.00 | 2.000% | 7,499.43 | 48,080.43 |
| 12/01/2013 | 40,784.00 | 2.000% | 7,296.53 | 48,080.53 |
| 3/01/2014 | 40,988.00 | 2.000% | 7,092.61 | 48,080.61 |
| 6/01/2014 | 41,192.00 | 2.000% | 6,887.67 | 48,079.67 |
| 9/01/2014 | 41,398.00 | 2.000% | 6,681.71 | 48,079.71 |
| 12/01/2014 | 41,605.00 | 2.000% | 6,474.72 | 48,079.72 |
| 3/01/2015 | 41,813.00 | 2.000% | 6,266.69 | 48,079.69 |
| 6/01/2015 | 42,023.00 | 2.000% | 6,057.63 | 48,080.63 |
| 9/01/2015 | 42,233.00 | 2.000% | 5,847.51 | 48,080.51 |
| 12/01/2015 | 42,444.00 | 2.000% | 5,636.35 | 48,080.35 |
| 3/01/2016 | 42,656.00 | 2.000% | 5,424.13 | 48,080.13 |
| 6/01/2016 | 42,869.00 | 2.000% | 5,210.85 | 48,079.85 |
| 9/01/2016 | 43,084.00 | 2.000% | 4,996.50 | 48,080.50 |
| 12/01/2016 | 43,299.00 | 2.000% | 4,781.08 | 48,080.08 |
| 3/01/2017 | 43,516.00 | 2.000% | 4,564.59 | 48,080.59 |
| 6/01/2017 | 43,733.00 | 2.000% | 4,347.01 | 48,080.01 |
| 9/01/2017 | 43,952.00 | 2.000% | 4,128.34 | 48,080.34 |
| 12/01/2017 | 44,172.00 | 2.000% | 3,908.58 | 48,080.58 |
| 3/01/2018 | 44,392.00 | 2.000% | 3,687.72 | 48,079.72 |
| 6/01/2018 | 44,614.00 | 2.000% | 3,465.76 | 48,079.76 |
| 9/01/2018 | 44,837.00 | 2.000% | 3,242.69 | 48,079.69 |
| 12/01/2018 | 45,062.00 | 2.000% | 3,018.51 | 48,080.51 |
| 3/01/2019 | 45,287.00 | 2.000% | 2,793.20 | 48,080.20 |
| 6/01/2019 | 45,513.00 | 2.000% | 2,566.76 | 48,079.76 |
| 9/01/2019 | 45,741.00 | 2.000% | 2,339.20 | 48,080.20 |
| 12/01/2019 | 45,970.00 | 2.000% | 2,110.49 | 48,080.49 |
| 3/01/2020 | 46,199.00 | 2.000% | 1,880.64 | 48,079.64 |
| 6/01/2020 | 46,430.00 | 2.000% | 1,649.65 | 48,079.65 |
| 9/01/2020 | 46,663.00 | 2.000% | 1,417.50 | 48,080.50 |
| 12/01/2020 | 46,896.00 | 2.000% | 1,184.18 | 48,080.18 |
| 3/01/2021 | 47,130.00 | 2.000% | 949.70 | 48,079.70 |
| 6/01/2021 | 47,366.00 | 2.000% | 714.05 | 48,080.05 |
| 9/01/2021 | 47,603.00 | 2.000% | 477.22 | 48,080.22 |
| 12/01/2021 | 47,841.00 | 2.000% | 239.21 | 48,080.21 |
| Total | 3,163,781.00 | - | 682,626.77 | 3,846,407.77 * |

*Plus \$4,266.42 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$341,313.60.

991269alj010600a.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: January 6, 2000

FINAL
1-26-00

CASE NO. 99-1269-S-CN

CITY OF CHARLES TOWN SEWER
DEPARTMENT

Application for a certificate of convenience
and necessity to construct improvements to the
waste water treatment plant.

RECOMMENDED DECISION

On August 27, 1999, the City of Charles Town Sewer Department (Utility) filed an application with the Commission, pursuant to W.Va. Code §24-2-11, for a certificate of public convenience and necessity to construct certain improvements to its wastewater treatment plant. The project is estimated to cost \$3,895,483.

On August 30, 1999, the Commission directed the Utility to publish a Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and generally circulated in Jefferson County. The Notice provided that, if no substantial protests were filed within thirty (30) days, the Commission may waive formal hearing and grant the certificate, based upon its review of the evidence submitted with the application. On October 29, 1999, the Utility filed an affidavit of publication indicating that the notice was properly published in the Spirit of Jefferson Advocate, a newspaper published and generally circulated in Jefferson County. No protests were filed with the Commission.

On September 27, 1999, the Commission referred the matter establishing a decision due date of on or before March 24, 2000.

By Procedural Order of December 10, 1999, the matter was set for hearing on January 11, 2000.

On January 5, 2000, Staff filed its recommendation that the application be approved with certain conditions and that the hearing be canceled.

The matter was previously set for hearing on December 14, 1999, but rescheduled at the request of the parties.

EVIDENCE

The Utility operates a treatment plant that serves Charles Town, Ranson and the Jefferson County Public Service District. (Staff Memorandum filed January 5, 2000). The plant has several components that are undersized, deficient, or inoperable. (Id). The plant was last upgraded in 1989 from .8 to 1.2 million gallons per day. (Id). The plant has difficulties which have been documented by the West Virginia Department of Environmental Protection (DEP) on numerous occasions. (Id).

This \$3,895,483 project will attempt to remedy the plant's operating and compliance problems. (Id). The upgrade will not increase the capacity of the plant or serve any additional customers. (Id). The upgrade will install a self-cleaning filter screen in the headworks, a vortex grit removal system, an influent pumping station, convert the aeration basins to batch reactors, replace the antiquated ultraviolet disinfection system, convert existing settling tanks to aerobic digesters, and install a new 2 meter belt filter press. (Id). An additional bid option for the project is the installation of a sludge thickener. (Id).

The Utility has not yet obtained its modified NPDES permit from the DEP. (Id). The modified permit should be issued in late February. (Id).

The Utility serves 1,173 customers making the cost of the project per customer \$3,320 which Staff views as reasonable. (Id). The project will increase annual operation and maintenance (O&M) expenses by \$15,803 due to increased purification supplies. (Id). Staff viewed the calculated O&M expenses as reasonable. (Id). Additionally, Staff believes that the plans and specifications are in general conformance with the Commission's rules and regulations. (Id).

The proposed financing is a contribution from the Jefferson County Public Service District in the amount of \$1,154,889; a Water Development Authority (WDA) design loan of \$437,601 at 3% interest for 20 years; a State Revolving Fund (SRF) loan of \$2,313,246 at 3% interest for 20 years; and interim financing from the F&M Bank-West Virginia, Inc. in the amount of \$71,000 at 6.15%. (Id and Utility's responses to Staff discovery dated September 29, 1999). Staff views the proposed financing as reasonable and recommends approval of the financing. (Staff Memorandum filed January 5, 2000).

The proposed contribution from the Jefferson County Public Service District will be borrowed by the District from the SRF at a rate of 0% interest and .5% administrative fee for 30 years. (Id). The District has petitioned the Commission to approve the borrowing in Case No. 99-1799-PSD-PC. Staff indicated that it had reviewed the borrowing petition

²Technically, both the WDA and SRF loans call for interest of 2% and an administration fee of 1%.

and will recommend that the Commission approve the borrowing. (Id). Case No. 99-1799-PSD-PC has not yet been referred by the Commission.

The Utility has already increased its rates to support the project through ordinance and Staff believes that the rates are sufficient to support the increased costs associated with the project. (Id).

DISCUSSION

The upgrades to the treatment plant are needed to bring the facility into compliance with its environmental permits and to continue to adequately serve the Utility's existing customer base. The proposed financing is reasonable and should be approved. The rates as passed by the Utility are adequate to support the project.

The application should be approved contingent upon: the Utility receiving its modified NPDES permit and the Commission approving the Jefferson County Public Service District's borrowing petition in Case No. 99-1799-PSD-PC.

The Utility should be required to petition the Commission in the event of any changes in the plans, scope, or terms of financing of the project.

The hearing has been canceled by separate procedural order.

FINDINGS OF FACT

1. On August 27, 1999, the Utility filed an application with the Commission, pursuant to W.Va. Code §24-2-11, for a certificate of public convenience and necessity to construct certain improvements to its wastewater treatment plant. (See application).

2. On August 30, 1999, the Commission directed the Utility to publish a Notice of Filing, once, in a newspaper, duly qualified by the Secretary of State, published and generally circulated in Jefferson County. (See Commission Order).

3. On October 29, 1999, the Utility filed an affidavit of publication indicating that the notice was properly published in the Spirit of Jefferson Advocate, a newspaper published and generally circulated in Jefferson County. (See affidavit).

4. No protests were filed with the Commission. (See file generally).

5. On January 5, 2000, Staff filed its recommendation that the application be approved with certain conditions. (See Staff Memorandum filed January 5, 2000).

6. The Utility operates a treatment plant that serves Charles Town, Ranson and the Jefferson County Public Service District. (Id).

7. The existing treatment plant has several components that are undersized, deficient, or inoperable. (Id).

8. The plant has difficulties meeting its discharge limitations which have been documented by the DEP on numerous occasions. (Id).

9. This \$3,895,483 project will attempt to remedy the plant's operating and compliance problems. (Id).

10. The upgrade will not increase the capacity of the plant or serve any additional customers. (Id).

11. The upgrade will install a self-cleaning filter screen in the headworks, a vortex grit removal system, an influent pumping station, convert the aeration basins to batch reactors, replace the antiquated ultraviolet disinfection system, convert existing settling tanks to aerobic digesters, and install a new 2 meter belt filter press. (Id). An additional bid option for the project is the installation of a sludge thickener. (Id).

12. The Utility has not yet obtained its modified NPDES permit from the DEP. (Id). The modified permit should be issued in late February. (Id).

13. The Utility serves 1,173 customers making the cost of the project per customer \$3,320 which Staff views as reasonable. (Id).

14. The project will increase annual operation and maintenance (O&M) expenses by \$15,803 due to increased purification supplies. (Id). Staff viewed the calculated O&M expenses as reasonable. (Id).

15. Staff believes that the plans and specifications are in general conformance with the Commission's rules and regulations. (Id).

16. The proposed financing is a contribution from the Jefferson County Public Service District in the amount of \$1,154,889; a Water Development Authority (WDA) design loan of \$437,601 at 3% interest for 20 years; a State Revolving Fund (SRF) loan of \$2,313,246 at 3% interest for 20 years; and interim financing from the F&M Bank-West Virginia, Inc. in the amount of \$71,000 at 6.15%. (Id. and Utility's responses to Staff discovery dated September 29, 1999). Staff views the proposed financing as reasonable and recommends approval of the financing. (Staff Memorandum filed January 5, 2000).

17. The proposed contribution from the Jefferson County Public Service District will be borrowed by the District from the SRF at a rate of 0% interest and .5% administrative fee for 30 years. (Id). The District has petitioned the Commission to approve the borrowing in Case No. 99-1799-PSD-PC. Staff indicated that it had reviewed the borrowing petition and will recommend that the Commission approve the borrowing. (Staff Memorandum filed January 5, 2000). Case No. 99-1799-PSD-PC has not yet been referred by the Commission.

18. The Utility has already increased its rates to support the project through ordinance and Staff believes that the rates are sufficient to support the increased costs associated with the project. (Id).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project.
2. The Utility's proposed financing for the project is reasonable and should be approved.
3. The Utility's application for a certificate of convenience and necessity should be approved contingent upon it receiving its modified NPDES permit and upon the Commission approving the borrowing petition in Case No. 99-1799-PSD-PC.
4. The Utility should be required to seek Commission approval if the project's scope or proposed financing is modified.

ORDER

IT IS, THEREFORE, ORDERED that the application filed on August 27, 1999, by the City of Charles Town Sewer Department for a certificate of convenience and necessity to construct certain improvements to its wastewater treatment plant be, and hereby is, granted, contingent upon the Utility receiving its modified NPDES permit AND upon the Commission's approval of the Jefferson County Public Service District's petition to borrow \$1,154,889 in Case No. 99-1799-PSD-PC.

IT IS FURTHER ORDERED that the Utility's proposed financing consisting of a contribution from the Jefferson County Public Service District in the amount of \$1,154,889; a Water Development Authority (WDA) design loan of \$437,601 at 3% interest for 20 years; a State Revolving Fund (SRF) loan of \$2,313,246 at 3% interest for 20 years; and interim financing from the F&M Bank-West Virginia, Inc. in the amount of \$71,000 at 6.15%, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Utility petition the Commission for approval should there be any change in the plans, scope, or terms of financing for the project.

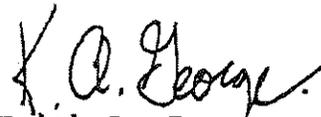
The Executive Secretary hereby is ordered to serve a copy of this order upon the Commission Staff by hand delivery, and upon all parties of record by United States Certified Mail, return receipt requested.

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

If no exceptions are filed, this order shall become the order of the

Commission, without further action or order, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Keith A. George
Administrative Law Judge

KAG:s
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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 3rd day of February, 2000.

CASE NO. 99-1799-PSD-PC

JEFFERSON COUNTY PUBLIC SERVICE DISTRICT,
a public utility.

Petition for consent and approval to borrow funds in association with the District's participation in the construction of an upgrade to the City of Charles Town's wastewater treatment plant.

COMMISSION ORDER

On December 13, 1999, the Jefferson County Public Service District (JCPSD) filed a petition seeking Commission approval, pursuant to W. Va. Code § 16-13A-25, to borrow \$1,154,889 from the West Virginia Division of Environmental Protection's State Revolving Fund (SRF). The proposed SRF loan would be for a thirty-year term, at 0% interest, with a ½% administrative fee. Attached to the JCPSD's petition was a copy of the commitment letter for the proposed SRF loan. The proposed SRF loan will fund the JCPSD's share of improvements to the City of Charles Town's wastewater treatment plant. The improvements to the City of Charles Town's plant were recently approved by the Commission. See "Recommended Decision," City of Charles Town, Case No. 99-1269-S-CN (Jan. 6, 2000; Final, Jan. 26, 2000). Finally, the JCPSD states that the proposed SRF loan will not affect its customers rates.

On January 20, 2000, Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum recommending that the JCPSD's petition should be granted and that the proposed SRF loan should be approved.

UPON CONSIDERATION WHEREOF, the Commission concludes that the JCPSD's petition should be granted and that the proposed SRF loan should be approved.

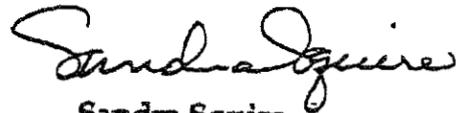
ORDER

IT IS, THEREFORE, ORDERED that the Jefferson County Public Service District's petition for approval to borrow \$1,154,889 from the West Virginia Division of Environmental Protection's State Revolving Fund should be, and hereby is, granted. The subject loan agreement is hereby approved.

IT IS FURTHER ORDERED that, upon entry hereof, this proceeding shall be removed from the Commission's active docket of cases.

IT IS FURTHER ORDERED that the Commission's Executive Secretary serve a copy of this order upon all parties of record by United States First Class Mail and upon Commission Staff by hand delivery.

A True Copy, Teste:



Sandra Squire
Executive Secretary

PWP/lfg
991799c.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 8th day of June, 2000.

CASE NO. 99-1269-S-CN

CITY OF CHARLES TOWN WATER
AND SEWER DEPARTMENT

Petition to reopen case and approve additional debt.

COMMISSION ORDER

PROCEDURE AND DISCUSSION

On August 27, 1999, the City of Charles Town Sewer Department (Utility) filed an application with the Commission, pursuant to W.Va. Code §24-2-11, for a certificate of convenience and necessity to construct certain improvements to its wastewater treatment plant (Application). The project was estimated to cost \$3,895,483.

On January 6, 2000, a Recommended Decision was entered, which became a Final Order of the Commission on January 26, 2000, granting approval of the Application contingent upon the Utility receiving its modified NPDES permit and upon the Commission's approval of the Jefferson County Public Service District's petition to borrow \$1,154,889 in Case No. 99-1799-PSD-PC. Further, the Order approved the Utility's proposed financing consisting of a contribution from the Jefferson County Public Service District (JCPSD) in the amount of \$1,154,889; a Water Development Authority (WDA) design loan of \$437,601 at 3% interest for 20 years; a State Revolving Fund (SRF) loan of \$2,313,246 at 3% interest for 20 years; and interim financing from the F&M Bank-West Virginia, Inc. in the amount of \$71,000 at 6.15%. As a final matter, the Utility was required to petition the Commission for approval should there be any change in the plans, scope or terms of the project.

On May 15, 2000, the City of Charles Town petitioned the Commission to reopen the case and to approve additional debt. In support of its motion, the Utility states that it opened bids for the construction of the improvements on April 11, 2000. The Utility accepted the lowest responsible bid, submitted by Ross & Kennedy Corporation in the amount of \$3,595,899, which is an increase of \$858,526 over the original budget. The Utility has received a preliminary loan commitment from the West Virginia Infrastructure and Jobs

Development Council for the required additional funds through the Clean Water State Revolving Fund.

According to the Utility's motion, the terms of a 1988 Sewer Agreement between the Utility, the City of Ranson (Ranson) and JCPSD require that they share equally in all costs of construction associated with the project. However, because the JCPSD is not in a position to borrow any funds without an increase in rates, the Utility and Ranson have agreed to jointly share in the costs of the additional debt service required to borrow the additional funds. The Utility and Ranson will incorporate the project cost overrun in a manner consistent with the billing and collecting terms under the existing Sewer Service Agreement dated April 29, 1988. The Utility and Ranson acknowledge an equal share of this project cost overrun. Neither the Utility nor Ranson will require a rate increase in order to service the additional debt.

On May 25, 2000, Commission Staff filed a Initial and Final Joint Staff Memorandum stating that the total revised estimated project costs are \$4,318,670. Staff related that the Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a loan from the West Virginia Water Development Authority in the amount of \$1,154,889 (WDA). The terms of the SRF loan are for 2% for 20 years. The terms of the WDA loan are for 0.5% for 30 years. The Utility has passed a municipal rate ordinance to increase rates and charges. According to Commission Staff's *City of Ranson-Sewer Technical Assistance Staff Report*, filed with the Commission for the fiscal year ended June 30, 1999, Ranson's current rates are sufficient to handle the costs associated with the project.

The Utility states that time is of the essence in order to complete the project contemplated by the above mentioned loan commitments. Further, counsel for the Utility submits that the Utility has received its modified NPDES permit and the Commission has approved JCPSD's petition to borrow \$1,154,889 in case No. 99-1799-PSD-PC, as required by the Recommended Decision of January 6, 2000.

The Commission shall reopen this case for the purpose of granting approval for the City of Charles Town to borrow an additional sum of \$858,526.

The Commission shall issue a revised Certificate of Convenience and Necessity to the Utility as requested in its original petition and the "Motion to Reopen Case" filed on May 15, 2000.

The Commission shall approve the loan from the State Revolving Fund in the amount of \$3,163,781 and the loan from the West Virginia Water Development Authority in the amount of \$1,154,88, at the above stated terms.

FINDINGS OF FACT

1. On August 27, 1999, the City of Charles Town Sewer Department (Utility) filed an application with the Commission, pursuant to W. Va. Code §24-2-11, for a certificate of convenience and necessity to construct certain improvements to its wastewater treatment plant (Application). The project was estimated to cost \$3,895,483.
2. On January 6, 2000, a Recommended Decision was entered, which became a Final Order of the Commission on January 26, 2000, granting approval of the Application contingent upon the Utility receiving its modified NPDES permit and upon the Commission's approval of the Jefferson County Public Service District's petition to borrow \$1,154,889 in Case No. 99-1799-PSD-PC. Further, the Order approved the Utility's proposed financing.
3. On May 15, 2000, the City of Charles Town petitioned the Commission to reopen the case and to approve additional debt.
4. The Utility has received a preliminary loan commitment from the West Virginia Infrastructure and Jobs Development Council for the required additional funds through the Clean Water State Revolving fund.
5. Because the JCPSD is not in a position to borrow any funds without an increase in rates, the Utility and Ranson have agreed to jointly share in the costs of the additional debt service required to borrow the additional funds.
6. Neither the Utility nor Ranson will require a rate increase in order to service the additional debt.
7. On May 25, 2000, Commission Staff filed a Initial and Final Joint Staff Memorandum stating that the total revised estimated project costs are \$4,318,670.
8. The Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a loan from the West Virginia Water Development Authority in the amount of \$1,154,889 (WDA). The terms of the SRF loan are for 2% for 20 years. The terms of the WDA loan are for 0.5% for 30 years.
9. The Utility has passed a municipal rate ordinance to increase rates and charges.
10. Ranson's current rates are sufficient to handle the costs associated with the project.

11. The Utility states that time is of the essence in order to complete the project contemplated by the above mentioned loan commitments.

12. The Utility has received its modified NPDES permit and the Commission has approved JCPSD's petition to borrow \$1,154,889 in case No. 99-1799-PSD-PC, as required by the Recommended Decision of January 6, 2000.

CONCLUSIONS OF LAW

1. It is reasonable to reopen this case for the purpose of approving an additional sum of money to be borrowed by the City of Charles Town.

2. It is reasonable to issue a revised Certificate of Convenience and Necessity to the Utility as requested in its original petition and the "Motion to Reopen Case" filed on May 15, 2000.

3. It is reasonable to approve the additional loan from the SRF in the amount of \$3,163,781 at 2% for 20 years.

4. It is reasonable the addition loan from the W DA in the amount of \$1,154,889 at 0.5% for 30 years.

5. It is reasonable to require the Utility to seek Commission approval should there be any further changes in the scope of the project or additional increased financing.

ORDER

IT IS THEREFORE ORDERED that the application originally filed on August 27, 1999, by the City of Charles Town for a certificate of convenience and necessity and in the Utility's May 15, 2000 motion to reopen the case, is hereby granted for the purpose of approving an additional sum of money.

IT IS FURTHER ORDERED that the additional loan from the State Revolving Fund to the City of Charles Town, in the amount of \$3,163,781 at 2% for 20 years is hereby approved .

IT IS FURTHER ORDERED that the addition loan from the West Virginia Water Development Authority to the Jefferson County Public Service District, in the amount of \$1,154,889 at 0.5% for 30 years is hereby approved.

IT IS FURTHER ORDERED that if there are any changes in the plans, scope or terms of the project or financing, the City of Charles Town Sewer department shall seek permission from the Commission before proceeding with the project.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon the Commission by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

ARC
BFE/lfg
991269ca.wpd

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 16th day of June, 2000.

CASE NO. 99-1269-S-CN

CITY OF CHARLES TOWN WATER
AND SEWER DEPARTMENT

Petition to reopen case and approve additional debt.

**COMMISSION ORDER RESCINDING
AND REPLACING ORDER OF JUNE 8, 2000**

POSTURE

On June 8, 2000, the Commission entered an order, which reopened this proceeding for the purpose of approving an additional loan to the City of Charles Town.

It has come to the Commission's attention that there were several ambiguous or incorrect statements contained in the June 8, 2000, order regarding the financing of the additional loan to Charles Town. Apparently, errors from a previous order in this matter were restated in the June 8, 2000 order.

First, in the second paragraph of the June 8, 2000 order, it is stated that the January 6, 2000 Recommended Decision in this case approved the Utility's financing consisting of a Water Development Authority (WDA) design loan of \$437,601 at 3% interest. The loan is, correctly, a State Revolving Fund (SRF) construction loan.

Next, the third paragraph of the June 8, 2000 order, states that "the Utility has received a preliminary loan commitment from the West Virginia Infrastructure and Job development Council". This sentence should state "the Utility has received a preliminary loan commitment from the SRF for the additional loan which has been approved by the WVIJDC".

In the fifth paragraph, the June 8, 2000 order states "Staff related that the Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a loan from

the WDA in the amount of \$1,154,889. The terms of the SRF loan are 2% for 20 years. The terms of the WDA loan are for 0.5% for 30 years". These sentences should read "Staff related that the Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a contribution from the Jefferson County Public Service District (JCPSD) in the amount of \$1,154,889. The terms of the Utility's SRF loan are 3% for 20 years".

Next, in the ninth paragraph, the June 8, 2000 order states "The Commission shall approve the loan from the State Revolving Fund in the amount of \$3,163,781 and the loan from the WDA in the amount of \$1,154,889, at the above stated terms." This paragraph should correctly state "The Commission shall approve the loan from the State Revolving Fund in the amount of \$3,163,781 at the above stated terms. The loan to the JCPSD from the SRF in the amount of \$1,154,889, was previously approved in case No. 99-1799-PSD-PC."

Finally, Staff's Initial and Final Joint Staff Memorandum filed on June 6, 2000, was incompletely and incorrectly referenced.

The above mentioned errors were repeated in the Findings of Fact (FOF), the Conclusions of Law (COL) and the ordering paragraphs of the June 8, 2000 order. Therefore, the Commission finds it reasonable to issue a new order which will rescind the June 8, 2000 in its entirety as follows:

BACKGROUND

On August 27, 1999, the City of Charles Town Sewer Department (Utility) filed an application with the Commission, pursuant to W.Va. Code §24-2-11, for a certificate of convenience and necessity to construct certain improvements to its wastewater treatment plant (Application). The project was estimated to cost \$3,895,483.

On January 6, 2000, a Recommended Decision was entered, which became a Final Order of the Commission on January 26, 2000, granting approval of the Application contingent upon the Utility receiving its modified NPDES permit and upon the Commission's approval of the Jefferson County Public Service District's (JCPSD) petition to borrow \$1,154,889 in Case No. 99-1799-PSD-PC. Further, the Order approved the Utility's proposed financing consisting of a contribution from the JCPSD in the amount of \$1,154,889; a Water Development Authority (WDA) design loan of \$437,601 at 3% interest for 20 years (previously approved and already incurred); a SRF construction loan of \$2,313,246 at 3% interest for 20 years; and interim financing from the F&M Bank-West Virginia, Inc. in the amount of \$71,000 at 6.15%. As a final matter, the Utility was required

to petition the Commission for approval should there be any change in the plans, scope or terms of the project.

On May 15, 2000, the Utility petitioned the Commission to reopen the case and to approve additional debt. In support of its motion, the Utility states that it opened bids for the construction of the improvements on April 11, 2000. The Utility accepted the lowest responsible bid, submitted by Ross & Kennedy Corporation in the amount of \$3,595,899, which resulted in an increase of \$858,526 over the original project budget. The Utility has received a preliminary loan commitment from the SRF for the additional loan which has been approved by the West Virginia Infrastructure and Job Development Council (WVIJDC).

According to the Utility's motion, the terms of a 1988 Sewer Agreement between the Utility, the City of Ranson (Ranson) and JCPSD require that they share equally in all costs of construction associated with the project. However, because the JCPSD is not in a position to borrow any funds without an increase in rates, the Utility and Ranson have agreed to jointly share in the costs of the additional debt service required to borrow the additional funds. The Utility and Ranson will incorporate the project cost overrun in a manner consistent with the billing and collecting terms under the existing Sewer Service Agreement dated April 29, 1988. The Utility and Ranson acknowledge an equal share of this project cost overrun. Neither the Utility nor Ranson will require a rate increase in order to service the additional debt.

On June 6, 2000, Staff filed its Initial and Final Joint Staff Memorandum stating that the total revised estimated project costs are \$4,318,670. Staff related that the Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a contribution from the JCPSD in the amount of \$1,154,889. The terms of the Utility's SRF loan are for 3% for 20 years. The Utility has passed a municipal rate ordinance to increase rates and charges. According to Staff's *City of Ranson-Sewer Technical Assistance Staff Report*, filed with the Commission for the fiscal year ended June 30, 1999, Ranson's current rates are sufficient to handle the costs associated with the project.

Staff further noted that the Utility is requesting to pay part of the debt service associated with this sewer certificate by using Water Department funds. Staff feels it is not appropriate and is contrary to West Virginia Code §8-16-20 for the Utility's Water Department to pay for a portion of the Sewer Department's debt service. Staff also stated that the Utility has provided commitment letters from all of the above mentioned parties, and that the financial information submitted by the Utility indicates that the Utility's proposed rates will provide an adequate cash flow surplus. Staff calculated the debt service payment on \$3,163,781 at 3% for 20 years, which results in an annual debt service payment of

\$210,552. Finally, Staff recommended that the Utility's petition to reopen be granted and the modified certificate application be approved subject to certain conditions.

The Utility states that time is of the essence in order to complete the project contemplated by the above mentioned loan commitments. Further, counsel for the Utility submits that the Utility has received its modified NPDES permit and the Commission has approved JCPSD's petition to borrow \$1,154,889 in case No. 99-1799-PSD-PC. as required by the Recommended Decision of January 6, 2000.

DISCUSSION

Since the Utility has secured all of the necessary funding, the Commission has approved its rates and determined there is an adequate cash flow surplus, the Commission shall grant the Utility's petition to reopen this case. The Commission shall grant approval for the City of Charles Town to borrow an additional sum of \$858,526 and issue a revised Certificate of Convenience and Necessity as requested in the Utility's original petition and the "Motion to Reopen Case" filed on May 15, 2000. The Commission shall also approve the loan from the State Revolving Fund in the amount of \$3,163,781 at the above stated terms. The Commission need not approve the loan to the JCPSD from the SRF in the amount of \$1,154,889, as it was previously approved in case No. 99-1799-PSD-PC."

However, the Commission shall deny the Utility's request to pay for a portion of the Sewer Department's debt service with the Water Department's revenue because it is contrary to West Virginia Code §8-16-20, which states in applicable part:

"All of the funds received as income from [a municipality or municipalities] under the provisions of this article and all funds received from the sale of revenue bonds issued therefor shall be kept separate and apart from other funds of the municipality or municipalities, and separate accounts shall be maintained for the several items required to be set up by the provisions of section seventeen of this article".

This section of the Code precludes the Utility from using Water Department funds to pay for a portion of the Sewer Department's debt service.

FINDINGS OF FACT

1. On August 27, 1999, the Utility filed an application with the Commission, pursuant to W. Va. Code §24-2-11, for a certificate of convenience and necessity to construct certain improvements to its wastewater treatment plant. The project was estimated to cost \$3,895,483.

2. On January 6, 2000, a Recommended Decision was entered, which became a Final Order of the Commission on January 26, 2000, granting approval of the Application contingent upon the Utility receiving its modified NPDES permit and upon the Commission's approval of the JCPSD's petition to borrow \$1,154,889 in Case No. 99-1799-PSD-PC. Further, the Order approved the Utility's proposed financing.

3. On May 15, 2000, the Utility petitioned the Commission to reopen the case and to approve additional debt.

4. The Utility has received a preliminary loan from the SRF, approved by the WVIJDC, in the amount of \$858,526.

5. Because the JCPSD is not in a position to borrow any funds without an increase in rates, the Utility and Ranson have agreed to jointly share in the costs of the additional debt service required to borrow the additional funds.

6. Neither the Utility nor Ranson will require a rate increase in order to service the additional debt.

7. On May 25, 2000, Commission Staff filed a Initial and Final Joint Staff Memorandum stating that the total revised estimated project costs are \$4,318,670.

8. The Utility plans to finance this project with a loan from the SRF in the amount of \$3,163,781 and a contribution from JCPSD in the amount of \$1,154,889. The terms of the SRF loan are for 3% for 20 years.

9. The Utility has passed a municipal rate ordinance to increase rates and charges.

10. According to Staff's *City of Ranson-Sewer Technical Assistance Staff Report*, filed with the Commission for the fiscal year ended June 30, 1999, Ranson's current rates are sufficient to handle the costs associated with the project.

11. In its Initial and Final Joint Staff memorandum filed on June 6, 2000. Staff recommended that the Utility's petition to reopen be granted and the modified certificate application be approved subject to certain conditions.

12. The Utility is requesting to pay part of the debt service associated with this sewer certificate by using Water Department funds. Staff feels it is not appropriate and is contrary to West Virginia Code §8-16-20 for the Utility's Water Department to pay for a portion of the Sewer Department's debt service.

13. The Utility has provided commitment letters from all of the above mentioned parties, and that the financial information submitted by the Utility indicates that the Utility's proposed rates will provide an adequate cash flow surplus.

14. Staff calculated the debt service payment on \$3,163,781 at 3% for 20 years, which results in an annual debt service payment of \$210,552.

15. The Utility states that time is of the essence in order to complete the project contemplated by the above mentioned loan commitments.

16. The Utility has received its modified NPDES permit and the Commission has approved JCPSD's petition to borrow \$1,154,889 in case No. 99-1799-PSD-PC, as required by the Recommended Decision of January 6, 2000.

CONCLUSIONS OF LAW

1. It is reasonable to grant the Utility's petition to reopen this case for the purpose of approving an additional sum of money to be borrowed by the Utility.

2. It is reasonable to issue a revised Certificate of Convenience and Necessity to the Utility as requested in its original petition and the "Motion to Reopen Case" filed on May 15, 2000.

3. It is reasonable to approve the loan from the SRF in the amount of \$3,163,781 at 3% for 20 years.

4. It is reasonable to approve the Utility's proposed rates.

5. It is reasonable to deny the Utility's request to pay for a portion of the Sewer

Department's debt service with the Water Department's revenues.

6. It is reasonable to require the Utility to seek Commission approval should there be any further changes in the scope of the project or additional increased financing.

ORDER

IT IS THEREFORE ORDERED that the Commission's June 8, 2000 Order in this proceeding is hereby rescinded and replaced, in its entirety, with this order.

IT IS FURTHER ORDERED that the application originally filed on August 27, 1999, by the City of Charles Town for a certificate of convenience and necessity and in the Utility's May 15, 2000 motion to reopen the case, is hereby granted.

IT IS FURTHER ORDERED that the total revised estimated project costs of \$4, 318,670 are hereby approved.

IT IS FURTHER ORDERED that the loan from the SRF to the City of Charles Town, in the amount of \$3,163,781 at 3% for 20 years, representing an increase in the total amount of \$858,526, is hereby approved.

IT IS FURTHER ORDERED that the City of Charles Town's proposed rates are hereby approved.

IT IS FURTHER ORDERED that the City of Charles Town's request to pay for a portion of the Sewer Department's debt service with the Water Department's revenues is hereby denied.

IT IS FURTHER ORDERED that if there are any changes in the plans, scope or terms of the project or financing, the City of Charles Town Sewer Department shall seek permission from the Commission before proceeding with the project.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon the Commission by hand delivery.

BFE/lfg

A True Copy, Teste:


Sandra Squire
Executive Secretary

991269come062100.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 21st day of June, 2000.

CASE NO. 99-1269-S-CN

CITY OF CHARLES TOWN WATER
AND SEWER DEPARTMENT

Petition to reopen case and approve additional debt.

COMMISSION ORDER CORRECTING ORDER OF JUNE 16, 2000

On June 8, 2000, the Commission entered an order, which reopened this proceeding for the purpose of approving an additional loan to the City of Charles Town (Utility).

On June 16, 2000 a Commission Order was entered which corrected several ambiguities and errors contained in the June 8, 2000 Order.

However, the order entered on June 16, 2000 also contained an error. The Order incorrectly denied the Utility's request to pay part of the debt service associated with the Sewer Department certificate by using Water Department funds. Authority for this denial was based on the recommendation contained in Commission Staff's June 6, 2000 Initial and Final Joint Staff Memorandum.

The Commission is not aware of any formal request by the Utility to use Water Department funds to support Sewer Department expenses. The Commission sees no reason to address this matter, as the Sewer Department revenues are sufficient to provide available cash flow as well as for the requested debt service. The cash flow statement attached to the Staff memorandum filed June 6, 2000 supports this premise. The Commission has no objection to the Utility's combination of the water and sewer operations as shown on the cash flow statement, the Commission only objects to Water Department funds being used to pay Sewer Department expenses.

Therefore, the Commission shall modify its June 16, 2000 order by striking the second and third paragraph of the Discussion section beginning with "However, the Commission..." and ending with "... the Sewer Department's debt service." For the same reasons, the Commission shall also strike Finding of Fact no. 12; Conclusion of Law no. 5 and Ordering Paragraph no. 6.

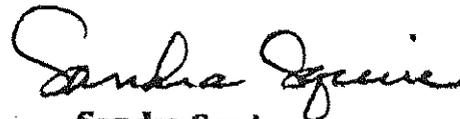
ORDER

IT IS THEREFORE ORDERED that the Commission's June 16, 2000 Order in this proceeding is hereby modified to strike the second and third paragraph of the Discussion section beginning with "However, the Commission.... and ending with "... the Sewer Department's debt service." The Commission also strikes Finding of Fact no. 12; Conclusion of Law no. 5 and Ordering Paragraph no. 6.

IT IS FURTHER ORDERED that the order entered on June 16, 2000 in this case remains in full force and effect, except as herein modified.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this order upon all parties of record by United States First Class Mail, and upon the Commission by hand delivery.

A True Copy, Teste:


Sandra Squire
Executive Secretary

BFE/lfg
991269cc.wpd



West Virginia Infrastructure & Jobs Development Council

Public Members:

Russell L. Isaacs, Chairman
Cottageville
James D. Williams, Vice-Chairman
St. Albans
Lloyd P. Adams, P.E.
Wheeling
James L. Harrison, Sr.
Princeton

1320 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

February 11, 1997

Jane Arnett, City Manager
City of Charles Town
101 East Washington Street
Charles Town, WV 25415

Re: Wastewater System Improvement Project (Resubmittal) 96S-244

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (Council) has reviewed the City of Charles Town's (City) resubmitted preliminary application regarding its proposed project for wastewater system improvements (Project), and has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The City should carefully review the enclosed comments of the Sewer Technical Review Committee. The City may need to address certain issues raised in said comments as it proceeds with the Project.

Pursuant to its review of the preliminary application, the Council recommends the City pursue a State Revolving Fund (SRF) loan administered by the West Virginia Division of Environmental Protection (DEP) to finance this Project. Please contact DEP at 558-0641 for specific information on the steps the City needs to follow to apply for this loan. Please note that this letter does not constitute funding approval from DEP.

If you have any questions regarding this matter, please contact Susan J. Riggs, Executive Secretary of the Council, at (304) 558-4607.

Sincerely,

Russell L. Isaacs, Chairman

RLI/bjh

Enclosure

cc: J. Michael Johnson
Kenneth E. Green



West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
James L. Harrison, Sr., Vice Chairman
Princeton
Lloyd P. Adams, P.E.
Wheeling
Sheil L. Fletcher
Morgantown

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Susan J. Riggs, Esquire
Executive Secretary

April 13, 1999

Jane Arnett, City Manager
City of Charles Town
101 East Washington Street
Charles Town, WV 25414

Re: Wastewater System Improvement Project (Resubmittal) 96S-244

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (the "Council"), at its April 7, 1999 meeting, reviewed the City of Charles Town's (the "City") resubmitted preliminary application regarding the above-referenced proposed project which updated the project costs and requested that the Council's previous funding recommendation be revised to include additional funding from the Clean Water State Revolving Fund ("CWSRF") program.

Upon consideration of the City's resubmitted preliminary application, the Council believes it reasonable to recommend that the City pursue a CWSRF design loan of \$437,601 and a CWSRF construction loan of \$3,468,135 to finance the project. Please contact the Division of Environmental Protection at 558-0641 for specific information on the steps the City needs to follow to apply for this funding. **Please note that this letter does not constitute funding approval from the CWSRF program.**

If you have any questions regarding this matter, please contact Susan J. Riggs at the above-referenced telephone number.

Sincerely,

James D. Williams

JDW/rc

cc: Mike Johnson, P.E.
Hoy G. Shingleton, Jr., Esquire

West Virginia Infrastructure & Jobs Development Council

Public Members:

James D. Williams, Chairman
St. Albans
William J. Hammar, PE, Vice Chairman
Grafton
Dwight Calhoun
Petersburg
Tim Rutledge
Gilbert

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

KMallory@citynet.net

May 8, 2000

Jane Arnett, City Manager
City of Charles Town
101 East Washington Street
Charles Town, West Virginia 25414

RE: Wastewater System Project 96S-244
(Charles Town / Jefferson County Public Service District)

Dear Ms. Arnett:

The West Virginia Infrastructure and Jobs Development Council (the "Council") at its May 3, 2000 meeting, reviewed the City of Charles Town's (the "City") revised preliminary application updating project costs for the above reference project after receiving construction bids.

Upon consideration of the City's revised preliminary application, the Council recommends Clean Water State Revolving Fund loans of \$4,318,670 to finance the project. Please contact the Division of Environmental Protection (DEP) at 558-0641 for specific information on the required steps to apply for this funding. Please note that this letter does not constitute approval from the DEP.

If you have any questions please contact Katy Mallory at 558-4607.

Sincerely,


James D. Williams

JDW/lcm

cc: Pete Thompson, Chester Engineers
Mike Johnson, DEP

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

CROSS-RECEIPT FOR BOND AND BOND PROCEEDS

On the 22nd day of June, 2000, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Mayor of the City of Charles Town (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), of the Issuer, in the principal amount of \$3,163,781, numbered AR-1 (the "Series 2000 A Bonds"), issued as a single, fully registered Bond, and dated June 22, 2000.

2. At the time of such receipt, all the Series 2000 A Bonds had been executed by the Mayor, City Manager and the City Clerk of the Issuer, by their respective manual signatures, 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 Series 2000 A Bonds, of \$246,376, being a portion of the principal amount of the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced by the Authority and the West Virginia Division of Environmental Protection to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

Barbara B Meadows
Authorized Representative

CITY OF CHARLES TOWN

J. Randolph Hill
Mayor

06/12/00
144220/99002

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

One Valley Bank, National Association
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 22nd day of June, 2000:

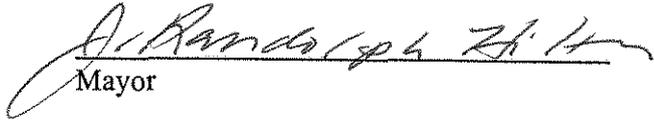
- (1) Bond No. AR-1, constituting the entire original issue of the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), in the principal amount of \$3,163,781, dated June 22, 2000 (the "Series 2000 A Bonds"), executed by the Mayor, City Manager and the City Clerk of the City of Charles Town (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Ordinance duly enacted by the Issuer on June 19, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 19, 2000 (collectively, the "Bond Legislation");
- (2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the City Clerk of the Issuer;
- (3) Executed counterparts of a loan agreement for the Series 2000 A Bonds, dated June 1, 2000, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Loan Agreement"); and
- (4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2000 A Bonds.

You are hereby requested and authorized to deliver the Series 2000 A Bonds to the Authority upon payment to the Issuer of the sum of \$246,376, representing a portion of the principal amount of the Series 2000 A Bonds. Prior to such delivery of the Series

2000 A Bonds, you will please cause the Series 2000 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

CITY OF CHARLES TOWN


Mayor

06/14/00
144220/99002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CITY OF CHARLES TOWN
COMBINED WATERWORKS AND SEWERAGE SYSTEM
REVENUE BOND, SERIES 2000 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$3,163,781

KNOW ALL MEN BY THESE PRESENTS: That the CITY OF CHARLES TOWN, a municipal corporation and political subdivision of the State of West Virginia in Jefferson County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THREE MILLION ONE HUNDRED SIXTY THREE THOUSAND SEVEN HUNDRED EIGHTY ONE DOLLARS (\$3,163,781), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest and the SRF Administrative Fee (as defined in the hereinafter described Bond Legislation), on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of 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 the West Virginia Division of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the DEP dated June 1, 2000.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds of this Series (the "Bonds"); and (iii) to pay certain costs of issuance of the Bonds and related costs. The existing public combined waterworks and sewerage system of the Issuer, the Project, and any further extensions, additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 8, Article 20 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Ordinance duly enacted by the Issuer on June 19, 2000, and a Supplemental Resolution duly adopted by the Issuer on June 19, 2000 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1987 B, DATED NOVEMBER 18, 1987, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$413,629 (THE "SERIES 1987 B BONDS"), (2) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-1, DATED MAY 4, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$295,916 (THE "SERIES 1988 B-1 BONDS"), (3) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1988 B-2, DATED MAY 20, 1988, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$558,000 (THE "SERIES 1988 B-2 BONDS"), (4) COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 1989 B, DATED APRIL 13, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$117,480 (THE "SERIES 1989 B BONDS"), (5) COMBINED WATERWORKS AND SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 1998, DATED MAY 15, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$10,355,000 (THE "SERIES 1998 REFUNDING BONDS"), AND (6) COMBINED WATERWORKS AND SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 1998 (WEST VIRGINIA SRF PROGRAM), DATED SEPTEMBER 29, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$437,601 (THE "SERIES 1998 DESIGN BONDS").

THE SERIES 1987 B BONDS, THE SERIES 1988 B-1 BONDS, THE SERIES 1988 B-2 BONDS, THE SERIES 1989 B BONDS, THE SERIES 1998 REFUNDING

BONDS AND THE SERIES 1998 DESIGN BONDS ARE HEREINAFTER COLLECTIVELY CALLED 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, on a parity with the pledge of Gross Revenues in favor of the holders of the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2000 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Gross Revenues shall be sufficient to pay all operating expenses of the System and the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon, except from said special fund provided from the Gross Revenues, the moneys in the Series 2000 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2000 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with or junior to the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Gross 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 CHARLES TOWN has caused this Bond to be signed by its Mayor and City Manager and its corporate seal to be hereunto affixed and attested by its City Clerk, and has caused this Bond to be dated June 22, 2000.

[SEAL]

J. Randolph Hilton

Mayor

James E. Arnett

City Manager

ATTEST:

Meredith Hamilton

City Clerk

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2000 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 22, 2000.

ONE VALLEY BANK, NATIONAL
ASSOCIATION, as Registrar

By

Charlatta Morgan
Its Authorized Officer

SPECIMEN

EXHIBIT A
RECORD OF ADVANCES

| AMOUNT | DATE | AMOUNT | DATE |
|---------------|----------|---------|-----------------------------|
| (1) \$246,376 | 06/22/00 | (19) \$ | |
| (2) \$ | | (20) \$ | |
| (3) \$ | | (21) \$ | |
| (4) \$ | | (22) \$ | |
| (5) \$ | | (23) \$ | |
| (6) \$ | | (24) \$ | |
| (7) \$ | | (25) \$ | |
| (8) \$ | | (26) \$ | |
| (9) \$ | | (27) \$ | |
| (10) \$ | | (28) \$ | |
| (11) \$ | | (29) \$ | |
| (12) \$ | | (30) \$ | |
| (13) \$ | | (31) \$ | |
| (14) \$ | | (32) \$ | |
| (15) \$ | | (33) \$ | |
| (16) \$ | | (34) \$ | |
| (17) \$ | | (35) \$ | |
| (18) \$ | | (36) \$ | |
| TOTAL | | \$ | <u> </u> |

EXHIBIT B

City of Charles Town (West Virginia)
Loan of \$3,163,781
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: June 22, 2000
DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total PM |
|------------|-----------|--------|-----------|-----------|
| 9/01/2000 | - | - | - | - |
| 12/01/2000 | - | - | - | - |
| 3/01/2001 | - | - | - | - |
| 6/01/2001 | - | - | - | - |
| 9/01/2001 | - | - | - | - |
| 12/01/2001 | - | - | - | - |
| 3/01/2002 | 32,261.00 | 2.000% | 15,818.91 | 48,079.91 |
| 6/01/2002 | 32,423.00 | 2.000% | 15,657.60 | 48,080.60 |
| 9/01/2002 | 32,585.00 | 2.000% | 15,495.49 | 48,080.49 |
| 12/01/2002 | 32,748.00 | 2.000% | 15,332.58 | 48,080.56 |
| 3/01/2003 | 32,911.00 | 2.000% | 15,168.82 | 48,079.82 |
| 6/01/2003 | 33,076.00 | 2.000% | 15,004.27 | 48,080.27 |
| 9/01/2003 | 33,241.00 | 2.000% | 14,838.89 | 48,079.89 |
| 12/01/2003 | 33,407.00 | 2.000% | 14,672.68 | 48,079.68 |
| 3/01/2004 | 33,574.00 | 2.000% | 14,505.85 | 48,079.85 |
| 6/01/2004 | 33,742.00 | 2.000% | 14,337.78 | 48,079.78 |
| 9/01/2004 | 33,911.00 | 2.000% | 14,168.07 | 48,080.07 |
| 12/01/2004 | 34,081.00 | 2.000% | 13,999.51 | 48,080.51 |
| 3/01/2005 | 34,251.00 | 2.000% | 13,829.11 | 48,080.11 |
| 6/01/2005 | 34,422.00 | 2.000% | 13,657.85 | 48,079.85 |
| 9/01/2005 | 34,594.00 | 2.000% | 13,486.74 | 48,079.74 |
| 12/01/2005 | 34,767.00 | 2.000% | 13,312.77 | 48,079.77 |
| 3/01/2006 | 34,941.00 | 2.000% | 13,138.94 | 48,079.94 |
| 6/01/2006 | 35,116.00 | 2.000% | 12,964.23 | 48,080.23 |
| 9/01/2006 | 35,291.00 | 2.000% | 12,788.55 | 48,079.65 |
| 12/01/2006 | 35,468.00 | 2.000% | 12,612.20 | 48,080.20 |
| 3/01/2007 | 35,645.00 | 2.000% | 12,434.86 | 48,079.86 |
| 6/01/2007 | 35,824.00 | 2.000% | 12,256.63 | 48,080.63 |
| 9/01/2007 | 36,003.00 | 2.000% | 12,077.51 | 48,080.51 |
| 12/01/2007 | 36,183.00 | 2.000% | 11,897.50 | 48,080.50 |
| 3/01/2008 | 36,364.00 | 2.000% | 11,716.58 | 48,080.58 |
| 6/01/2008 | 36,545.00 | 2.000% | 11,534.76 | 48,079.76 |
| 9/01/2008 | 36,728.00 | 2.000% | 11,352.04 | 48,080.04 |
| 12/01/2008 | 36,912.00 | 2.000% | 11,168.40 | 48,080.40 |
| 3/01/2009 | 37,098.00 | 2.000% | 10,983.84 | 48,079.84 |
| 6/01/2009 | 37,282.00 | 2.000% | 10,798.38 | 48,080.38 |
| 9/01/2009 | 37,468.00 | 2.000% | 10,611.95 | 48,079.95 |
| 12/01/2009 | 37,656.00 | 2.000% | 10,424.61 | 48,080.61 |
| 3/01/2010 | 37,844.00 | 2.000% | 10,236.33 | 48,080.33 |
| 6/01/2010 | 38,033.00 | 2.000% | 10,047.11 | 48,080.11 |
| 9/01/2010 | 38,223.00 | 2.000% | 9,856.94 | 48,079.94 |
| 12/01/2010 | 38,414.00 | 2.000% | 9,665.83 | 48,079.83 |
| 3/01/2011 | 38,606.00 | 2.000% | 9,473.76 | 48,079.76 |
| 6/01/2011 | 38,798.00 | 2.000% | 9,280.73 | 48,079.73 |
| 9/01/2011 | 38,993.00 | 2.000% | 9,086.73 | 48,079.73 |
| 12/01/2011 | 39,188.00 | 2.000% | 8,891.77 | 48,079.77 |

City of Charles Town (West Virginia)
Loan of \$3,163,781
20 Years, 2% Interest Rate, 1% Administrative Fee
Closing Date: June 27, 2000

DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total Pmt |
|-------------|------------------|---------------|-----------------|------------------|
| 9/01/2000 | - | - | - | - |
| 12/01/2000 | - | - | - | - |
| 3/01/2001 | - | - | - | - |
| 6/01/2001 | - | - | - | - |
| 9/01/2001 | - | - | - | - |
| 12/01/2001 | - | - | - | - |
| 3/01/2002 | 32,251.00 | 2.000% | 15,818.91 | 48,079.91 |
| 6/01/2002 | 32,423.00 | 2.000% | 15,657.60 | 48,080.60 |
| 9/01/2002 | 32,585.00 | 2.000% | 15,495.48 | 48,080.48 |
| 12/01/2002 | 32,748.00 | 2.000% | 15,332.56 | 48,080.56 |
| 3/01/2003 | 32,911.00 | 2.000% | 15,168.82 | 48,079.82 |
| 6/01/2003 | 33,076.00 | 2.000% | 15,004.27 | 48,080.27 |
| 9/01/2003 | 33,241.00 | 2.000% | 14,838.89 | 48,079.89 |
| 12/01/2003 | 33,407.00 | 2.000% | 14,672.66 | 48,079.66 |
| 3/01/2004 | 33,574.00 | 2.000% | 14,505.65 | 48,079.65 |
| 6/01/2004 | 33,742.00 | 2.000% | 14,337.78 | 48,079.78 |
| 9/01/2004 | 33,911.00 | 2.000% | 14,169.07 | 48,080.07 |
| 12/01/2004 | 34,081.00 | 2.000% | 13,999.51 | 48,080.51 |
| 3/01/2005 | 34,251.00 | 2.000% | 13,829.11 | 48,080.11 |
| 6/01/2005 | 34,422.00 | 2.000% | 13,657.85 | 48,079.85 |
| 9/01/2005 | 34,594.00 | 2.000% | 13,485.74 | 48,079.74 |
| 12/01/2005 | 34,767.00 | 2.000% | 13,312.77 | 48,079.77 |
| 3/01/2006 | 34,941.00 | 2.000% | 13,138.94 | 48,079.94 |
| 6/01/2006 | 35,116.00 | 2.000% | 12,964.23 | 48,080.23 |
| 9/01/2006 | 35,291.00 | 2.000% | 12,788.65 | 48,079.65 |
| 12/01/2006 | 35,468.00 | 2.000% | 12,612.20 | 48,080.20 |
| 3/01/2007 | 35,645.00 | 2.000% | 12,434.86 | 48,079.86 |
| 6/01/2007 | 35,824.00 | 2.000% | 12,256.63 | 48,080.63 |
| 9/01/2007 | 36,003.00 | 2.000% | 12,077.51 | 48,080.51 |
| 12/01/2007 | 36,183.00 | 2.000% | 11,897.50 | 48,080.50 |
| 3/01/2008 | 36,364.00 | 2.000% | 11,716.58 | 48,080.58 |
| 6/01/2008 | 36,545.00 | 2.000% | 11,534.76 | 48,079.76 |
| 9/01/2008 | 36,728.00 | 2.000% | 11,352.04 | 48,080.04 |
| 12/01/2008 | 36,912.00 | 2.000% | 11,168.40 | 48,080.40 |
| 3/01/2009 | 37,096.00 | 2.000% | 10,983.84 | 48,079.84 |
| 6/01/2009 | 37,282.00 | 2.000% | 10,798.38 | 48,080.38 |
| 9/01/2009 | 37,468.00 | 2.000% | 10,611.95 | 48,079.95 |
| 12/01/2009 | 37,656.00 | 2.000% | 10,424.61 | 48,080.61 |
| 3/01/2010 | 37,844.00 | 2.000% | 10,236.33 | 48,080.33 |
| 6/01/2010 | 38,033.00 | 2.000% | 10,047.11 | 48,080.11 |
| 9/01/2010 | 38,223.00 | 2.000% | 9,856.94 | 48,079.94 |
| 12/01/2010 | 38,414.00 | 2.000% | 9,665.83 | 48,079.83 |
| 3/01/2011 | 38,606.00 | 2.000% | 9,473.76 | 48,079.76 |
| 6/01/2011 | 38,799.00 | 2.000% | 9,280.73 | 48,079.73 |
| 9/01/2011 | 38,993.00 | 2.000% | 9,086.73 | 48,079.73 |
| 12/01/2011 | 39,188.00 | 2.000% | 8,891.77 | 48,079.77 |

City of Charles Town (West Virginia)
 Loan of \$3,163,781
 20 Years, 2% Interest Rate, 1% Administrative Fee
 Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

| Date | Principal | Coupon | Interest | Total P+I |
|--------------|---------------------|----------|-------------------|-----------------------|
| 3/01/2012 | 38,384.00 | 2.000% | 8,695.83 | 48,079.83 |
| 6/01/2012 | 39,581.00 | 2.000% | 8,498.91 | 48,079.91 |
| 9/01/2012 | 39,778.00 | 2.000% | 8,301.00 | 48,080.00 |
| 12/01/2012 | 39,978.00 | 2.000% | 8,102.11 | 48,080.11 |
| 3/01/2013 | 40,178.00 | 2.000% | 7,902.22 | 48,080.22 |
| 6/01/2013 | 40,379.00 | 2.000% | 7,701.33 | 48,080.33 |
| 9/01/2013 | 40,581.00 | 2.000% | 7,499.43 | 48,080.43 |
| 12/01/2013 | 40,784.00 | 2.000% | 7,298.53 | 48,080.53 |
| 3/01/2014 | 40,988.00 | 2.000% | 7,092.81 | 48,080.61 |
| 6/01/2014 | 41,192.00 | 2.000% | 6,887.57 | 48,079.67 |
| 9/01/2014 | 41,398.00 | 2.000% | 6,681.71 | 48,079.71 |
| 12/01/2014 | 41,605.00 | 2.000% | 6,474.72 | 48,079.72 |
| 3/01/2015 | 41,813.00 | 2.000% | 6,268.69 | 48,079.69 |
| 6/01/2015 | 42,023.00 | 2.000% | 6,057.63 | 48,080.63 |
| 9/01/2015 | 42,233.00 | 2.000% | 5,847.51 | 48,080.51 |
| 12/01/2015 | 42,444.00 | 2.000% | 5,636.35 | 48,080.35 |
| 3/01/2016 | 42,656.00 | 2.000% | 5,424.13 | 48,080.13 |
| 6/01/2016 | 42,869.00 | 2.000% | 5,210.85 | 48,079.85 |
| 9/01/2016 | 43,084.00 | 2.000% | 4,996.50 | 48,080.50 |
| 12/01/2016 | 43,298.00 | 2.000% | 4,781.08 | 48,080.08 |
| 3/01/2017 | 43,516.00 | 2.000% | 4,564.59 | 48,080.59 |
| 6/01/2017 | 43,733.00 | 2.000% | 4,347.01 | 48,080.01 |
| 9/01/2017 | 43,952.00 | 2.000% | 4,128.34 | 48,080.34 |
| 12/01/2017 | 44,172.00 | 2.000% | 3,908.58 | 48,080.58 |
| 3/01/2018 | 44,392.00 | 2.000% | 3,687.72 | 48,079.72 |
| 6/01/2018 | 44,614.00 | 2.000% | 3,465.76 | 48,079.76 |
| 9/01/2018 | 44,837.00 | 2.000% | 3,242.69 | 48,079.69 |
| 12/01/2018 | 45,062.00 | 2.000% | 3,018.51 | 48,080.51 |
| 3/01/2019 | 45,287.00 | 2.000% | 2,793.20 | 48,080.20 |
| 6/01/2019 | 45,513.00 | 2.000% | 2,566.78 | 48,079.78 |
| 9/01/2019 | 45,741.00 | 2.000% | 2,339.20 | 48,080.20 |
| 12/01/2019 | 45,970.00 | 2.000% | 2,110.49 | 48,080.49 |
| 3/01/2020 | 46,199.00 | 2.000% | 1,880.64 | 48,079.64 |
| 6/01/2020 | 46,430.00 | 2.000% | 1,649.85 | 48,079.65 |
| 9/01/2020 | 46,663.00 | 2.000% | 1,417.50 | 48,080.50 |
| 12/01/2020 | 46,896.00 | 2.000% | 1,184.18 | 48,080.18 |
| 3/01/2021 | 47,130.00 | 2.000% | 949.70 | 48,079.70 |
| 6/01/2021 | 47,366.00 | 2.000% | 714.05 | 48,080.05 |
| 9/01/2021 | 47,603.00 | 2.000% | 477.22 | 48,080.22 |
| 12/01/2021 | 47,841.00 | 2.000% | 239.21 | 48,080.21 |
| Total | 3,163,781.00 | - | 682,626.77 | 3,846,407.77 * |

*Plus \$4,266.42 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is \$341,313.60.

City of Charles Town (West Virginia)

Loan of \$3,163,781

20 Years, 2% Interest Rate, 1% Administrative Fee

Closing Date: June 22, 2000

DEBT SERVICE SCHEDULE

YIELD STATISTICS

| | |
|---|--------------|
| Accrued Interest from 06/22/2000 to 08/22/2000..... | (91,222.35) |
| Bond Year Dollars..... | \$38,692.44 |
| Average Life..... | 12.230 Years |
| Average Coupon..... | 1.7642379% |
| Net Interest Cost (NIC)..... | 1.7642378% |
| True Interest Cost (TIC)..... | 2.0095927% |
| Bond Yield for Arbitrage Purposes..... | 2.0095927% |
| All Inclusive Cost (AIC)..... | 2.8757221% |
| IRS FORM 8038 | |
| Net Interest Cost..... | 2.0000006% |
| Weighted Average Maturity..... | 12.230 Years |

Ferris, Baker Watts, Incorporated
Public Finance

File = SRPCHTWN.SF-05 24 00- SINGLE PURPOSE
5/24/2000 4:18 PM

(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:

06/12/00
144220/99002

STEPTOE & JOHNSON

ATTORNEYS AT LAW

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

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-8991
FACSIMILE (304) 262-3541

BANK ONE CENTER
SEVENTH FLOOR
P. O. BOX 1588
CHARLESTON, W. VA. 25326-1588
(304) 353-8000
FACSIMILE (304) 353-8180

June 22, 2000

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

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

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

WRITER'S DIRECT DIAL NUMBER

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Charles Town (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$3,163,781 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 1, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal installments and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending December 1, 2021, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2

of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from the gross income for federal income tax purposes, are and will continue to be met.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection

with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 (the "Series 1987 B Bonds"), (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916 (the "Series 1988 B-1 Bonds"), (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000 (the "Series 1988 B-2 Bonds"), (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480 (the "Series 1989 B Bonds"), (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Refunding Bonds"), and (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601 (the "Series 1998 Design Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage and parity requirements for issuance of parity bonds of the Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds and the Series 1998 Design Bonds.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications,

covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

06/16/00
144220/99002



This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: 3 Maturity date (if any): 12/01/21

1 Debtor(s) (Last Name First) and address(es)

City of Charles Town
Post Office Box 14
Charles Town, West Virginia 25414

2 Secured Party(ies) and address(es)

West Virginia Water
Development Authority
180 Association Drive
Charleston, West Virginia 25311

For Filing Officer (Date, Time, Number and Filing Office)

0542714
00 JUN 27 PM 2:42

4 This financing statement covers the following types (or items) of property:

FILED

- See Schedule I attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check If covered: Proceeds of Collateral are also covered Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Secretary of State of the State of West Virginia

City of Charles Town

By [Signature]
Mayor Signature(s) of Debtor(s)

West Virginia Water Development Authority

By [Signature]
Director Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

This FINANCING STATEMENT is presented to a filing officer for filing pursuant to the Uniform Commercial Code: 3 Maturity date (if any): 12/01/2021

1 Debtor(s) (Last Name First) and address(es)

City of Charles Town
Post Office Box 14
Charles Town, West Virginia 25414

2 Secured Party(ies) and address(es)

West Virginia Water
Development Authority
180 Association Drive
Charles Town, West Virginia 25311

For Filing Officer (Date, Time, Number and Filing Office)

FILED
245

4 This financing statement covers the following types (or items) of property:

Date 7-2-21 Time 2:15 PM

County Clerk, Jefferson Co.
Charles Town, W.Va. 25414

- See Schedule I as attached hereto and made a part hereof.

ASSIGNEE OF SECURED PARTY

Check If covered: Proceeds of Collateral are also covered Products of Collateral are also covered No. of additional Sheets presented:

Filed with: Jefferson County Clerk

City of Charles Town

By [Signature]
Mayor Signature(s) of Debtor(s)

West Virginia Water Development Authority

By [Signature]
Director Signature(s) of Secured Party(ies)

4 FILE COPY - SECURED PARTY(IES)

SCHEDULE I
TO FINANCING STATEMENT

All Gross Revenues from the System; the System; all funds in the Revenue Fund, the Renewal and Replacement Fund, the Series 2000 A Bonds Construction Trust Fund, the Series 2000 A Bonds Reserve Account, the Series 2000 A Bonds Sinking Fund; and all funds therein deposited from time to time; and all proceeds of the foregoing.

For the purposes of this financing statement, these terms are defined as follows:

"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, and includes any proceeds from the sale or other disposition of capital assets, but does not include any increase in the value of capital assets (including Qualified Investments, as hereinafter defined, purchased pursuant to Article 8.01 hereof) or any Tap Fees, as hereinafter defined.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund created by the Prior Ordinances and continued by the Bond Ordinance as described below.

"Revenue Fund" means the Revenue Fund created by the Prior Ordinances and continued by the Bond Ordinance as described below.

"Series 2000 A Bonds Construction Trust Fund" means the Series 2000 A Bonds Construction Trust Fund created by Section 5.01 of the Bond Ordinance as described below.

"Series 2000 A Bonds Reserve Account" means the Series 2000 A Bonds Reserve Account established by Section 5.02 of the Bond Ordinance as described below.

"Series 2000 A Bonds Sinking Fund" means the Series 2000 A Bond Sinking Fund established by Section 5.02 of the Bond Ordinance as described below.

"System" means the complete public combined waterworks and sewerage system of the Issuer, as presently existing, in its entirety or any integral part thereof, and shall include the Project and

any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the System from any sources whatsoever.

Other terms used in this Schedule I and not defined herein shall have the meanings ascribed to them in the Bond Ordinance authorizing the City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), a copy of which is on file and may be inspected at the office of the Secured Party indicated above.

06/29/00
144220/99002

CH391621.1

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds
Series 2000 A (West Virginia SRF Program)

CERTIFICATE OF FILING OF
FINANCING STATEMENT - SECRETARY OF STATE

I, KEN HECHLER, Secretary of State of the State of West Virginia, hereby certify that on June 30, 2000, at the hour set forth below, there was filed in my office:

(1) A FINANCING STATEMENT between the City of Charles Town, as debtor, and West Virginia Water Development Authority, as secured party, filed at the hour of 2:42 p.m. as Financing Statement No. 0542714.

[SEAL]


Secretary of State of the State of West Virginia

06/29/00
144220.98002

CITY OF CHARLES TOWN

Sewer Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

CERTIFICATE OF FILING OF FINANCING STATEMENT - COUNTY CLERK

I, John E. Ott, the duly elected, qualified and acting Clerk of The County Commission of Jefferson County, West Virginia, HEREBY CERTIFY that, on July 2nd, 2000, at the hours listed below, the following was received and recorded in my office:

(1) A FINANCING STATEMENT between the City of Charles Town, as debtor, and West Virginia Water Development Authority, as assignee of secured party, filed at the hour of 3:15 P.m. in ~~the~~ Book _____, at page _____.

File # 245

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said County Commission this 2nd day of July, 2000.

[SEAL]

John E. Ott
Clerk of The County Commission of Jefferson County

By: Debra L. Pittinger, Deputy

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

June 22, 2000

RILEY BUILDING, FOURTH FLOOR

14TH AND CHAPLINE STREETS

P. O. BOX 150

WHEELING, W. VA. 26003-0020

(304) 233-0000

FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK

200 STAR AVENUE, SUITE 220

P. O. BOX 628

PARKERSBURG, W. VA. 26102-0628

(304) 422-6463

FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER

1000 TECHNOLOGY DRIVE

P. O. BOX 2210

FAIRMONT, W. VA. 26554-8824

(304) 368-8000

FACSIMILE (304) 368-8413

WRITER'S DIRECT DIAL NUMBER

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26030-2190
(304) 624-8000
FACSIMILE (304) 624-8163

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2529
MARTINSBURG, W. VA. 25402-2529
(304) 263-6991
FACSIMILE (304) 262-3541

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the City of Charles Town (the "Issuer"), a municipal corporation and political subdivision organized and existing under the laws of the State of West Virginia, of its \$3,163,781 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 1, 2000, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Division of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal and interest to the Authority, with interest at the rate of 2% per annum, and with principal installments and interest payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2002, and ending December 1, 2021, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 8, Article 20 and Chapter 22C, Article 2

of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Bonds; and (iii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Ordinance duly enacted by the Issuer on June 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 19, 2000 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement.

In connection with the issuance of the Bonds, the Issuer has executed a Certificate as to Arbitrage, dated as of the date hereof (the "Certificate as to Arbitrage"), which, among other things, sets forth restrictions on the investment and expenditure of the Bond proceeds and earnings thereon, to ensure that the arbitrage requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (collectively, the "Code"), necessary to establish and maintain the excludability of interest on the Bonds from the gross income for federal income tax purposes, are and will continue to be met.

Based upon the foregoing, and upon our examination of such other documents as we have deemed necessary, we are of the opinion, under existing law, as follows:

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary ordinances and resolutions have been duly and effectively enacted and adopted by the Issuer in connection

with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Gross Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Gross Revenues of the System on a parity with the Issuer's (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 (the "Series 1987 B Bonds"), (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916 (the "Series 1988 B-1 Bonds"), (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000 (the "Series 1988 B-2 Bonds"), (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480 (the "Series 1989 B Bonds"), (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Refunding Bonds"), and (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601 (the "Series 1998 Design Bonds"), all in accordance with the terms of the Bonds and the Bond Legislation. Based upon the certificate of the certified public accountant dated the date hereof, the Issuer has met the coverage and parity requirements for issuance of parity bonds of the Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds and the Series 1998 Design Bonds.

5. Under existing laws, regulations, rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Bonds (a) is excludable from gross income of the owners thereof for federal income tax purposes pursuant to the Code and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations under the Code. It should be noted, however, that interest on the Bonds is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to corporations. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications,

covenants and representations which may affect the excludability from gross income of the interest on the Bonds set forth in the Bond Legislation and the Certificate as to Arbitrage, and other certificates delivered in connection with the issuance of the Bonds. Failure to comply with certain of such Code provisions or such certifications, covenants and representations could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Loan Agreement and the Bond Legislation, and the liens and pledges set forth therein, may be subject to and limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

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

Very truly yours,



STEPTOE & JOHNSON

CRAWFORD & JACKSON, P.L.L.C.

ATTORNEYS AT LAW

LIBERTY & GEORGE STREETS

POST OFFICE BOX 266

CHARLES TOWN, WV 25414-0266

(304) 725-3426

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MARTINSBURG OFFICE
301 S. MAPLE AVE.
MARTINSBURG, WV 25401

(304) 262-2237
FAX (304) 262-2239

JAMES B. CRAWFORD, III
SALLY G. JACKSON
TASHA N. KELLER

DARLENE TRUMAN
TRINA L. PEARSON
LEGAL ASSISTANTS

WRITERS DIRECT NUMBER

June 22, 2000

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

We are counsel to the City of Charles Town in Jefferson County, West Virginia (the "Issuer"). As such counsel, we have examined copies of the approving opinion of Steptoe & Johnson, as bond counsel, a loan agreement for the Series 2000 A Bonds, dated June 1, 2000, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP") (the "Loan Agreement"), a Bond Ordinance duly enacted by the Issuer on June 19, 2000, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 19, 2000 (collectively, the "Bond Legislation"), and other documents relating to the above-captioned Bonds of the Issuer (the "Bonds"). Capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

i. The Issuer has been duly created and is validly existing as a municipal corporation and political subdivision of the State of West Virginia, and the Mayor, City Manager, City Clerk and members of the council of the Issuer and the Utility Board have been duly and properly elected or appointed, as

applicable, have taken the requisite oaths, and are authorized to act on behalf of the Issuer in their respective capacities.

ii. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding agreement of the Issuer enforceable in accordance with its terms.

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

4. The Issuer has duly enacted the ordinances prescribing the rates and charges of the System.

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

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders and approvals from the West Virginia Division of Environmental Protection and the West Virginia Infrastructure and Jobs Development Council, 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.

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

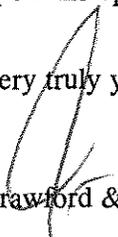
8. All successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, we are of the opinion that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of

City of Charles Town, et al
Page 3

the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,



Crawford & Jackson PLLC

06/20/00
144220/99002



Law Offices of Hoy Shingleton

1446-24 Edwin Miller Boulevard
Martinsburg, WV 25401

(304) 262-4773 Telephone
(304) 262-4775 Facsimile

Shinglet@access.mountain.net

June 22, 2000

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of
Environmental Protection
Charleston, West Virginia

Steptoe & Johnson
Clarksburg, West Virginia

Ladies and Gentlemen:

I am special counsel to the City of Charles Town, a municipal corporation and political subdivision in Jefferson County, West Virginia (the "Issuer"). As such counsel, I have represented the Issuer before the Public Service Commission of West Virginia in connection with the issuance of the above-referenced bonds (the "Bonds") and the acquisition and construction of the Project. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and Loan Agreement when used herein.

I am of the opinion that:

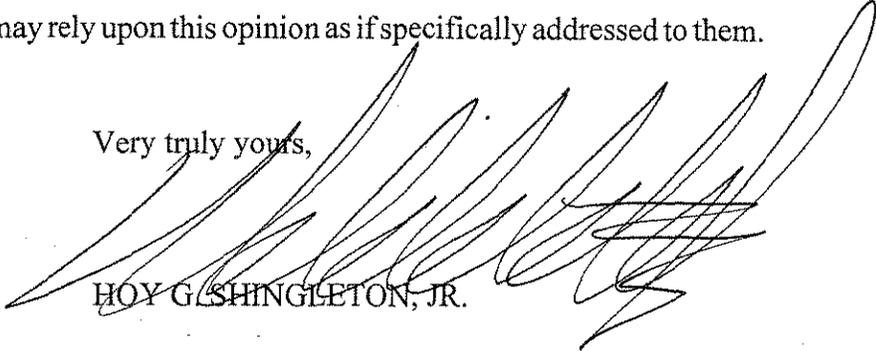
1. The Issuer has received all orders and approvals from the Public Service Commission of West Virginia, including the Final Order entered on January 6, 2000, and the Commission Orders entered on June 8, 2000, June 16, 2000 and June 21, 2000, in Case No. 99-1269-S-CN, among other things, granting to the issuer a certificate of convenience and necessity for the Project and

City of Charles Town, et.al.
Page 2
June 22, 2000

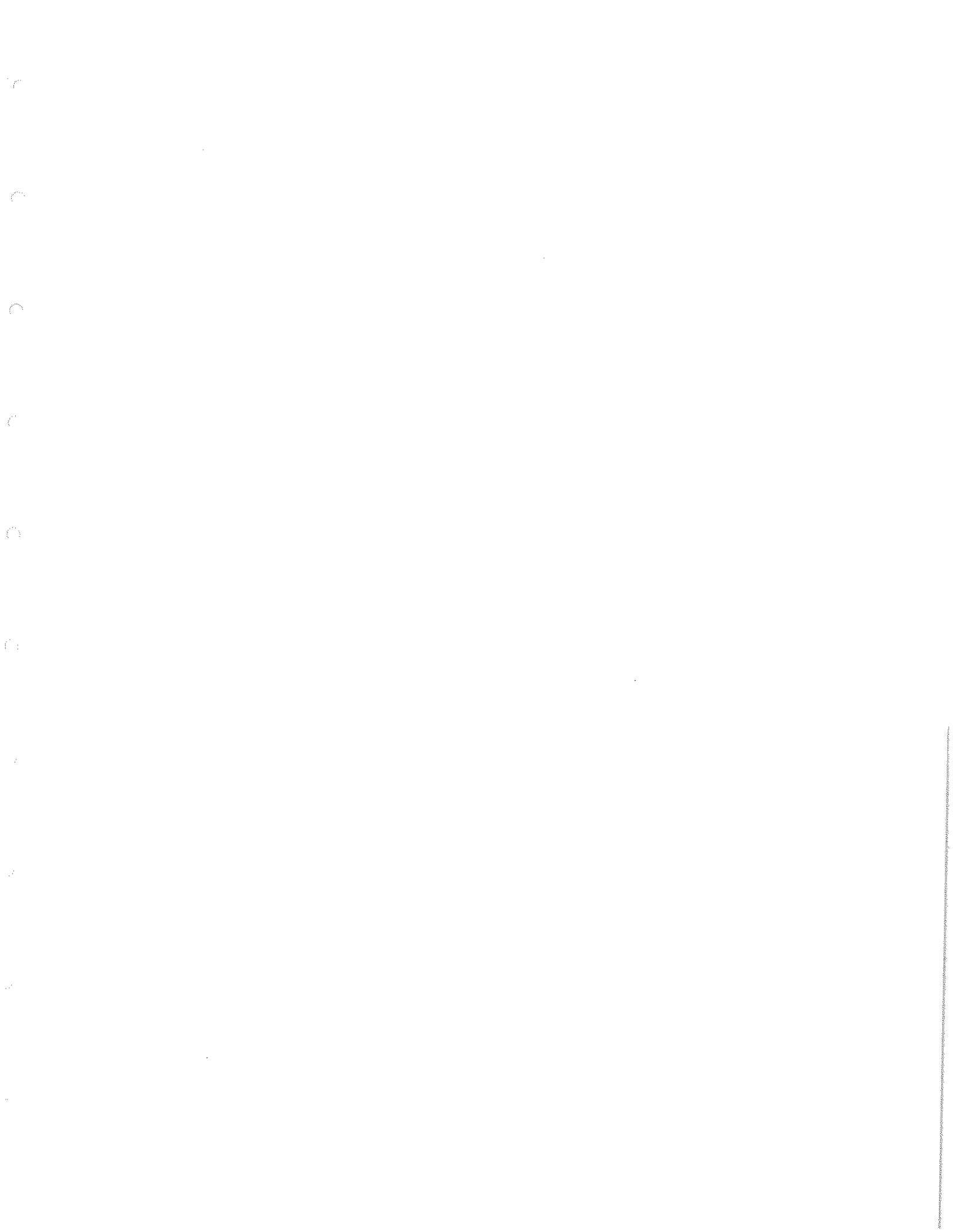
approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of the Commission Orders has not expired prior to the date hereof. However, the parties to such Commission Orders have stated that they do not intend to appeal such Commission Orders. Such Commission Orders are not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to the original application.

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

Very truly yours,



HOY G. SHINGLETON, JR.



CRAWFORD & JACKSON, P.L.L.C.

ATTORNEYS AT LAW

LIBERTY & GEORGE STREETS

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WRITERS DIRECT NUMBER

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June 22, 2000

West Virginia Division of Environmental Protection
617 Broad Street
Charleston, WV 25301

and

West Virginia Water Development Authority
180 Association Drive
Charleston, WV 25311

Re: City of Charles Town
Wastewater Treatment Plant Improvement Project

Ladies and Gentlemen

This firm represents City of Charles Town (the "City") with regard to a proposed project to construct the Wastewater Treatment Plant Improvement Project (the "Project"), and provides this final title opinion on behalf of City to satisfy the requirements of the West Division of Environment Protection (the "DEP") for the Project. Please be advised of the following:

1. I am of the opinion that the City is a duly created and existing municipality possessed with all the powers and authority granted to municipalities under the laws of the State of West Virginia and has the full power and authority to construct, operate and maintain the Project as approved by the DEP.
2. The City has obtained all necessary permits and approvals for the construction of the Project.
3. I have investigated and ascertained the location of and am familiar with the legal

description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Chester Engineering, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Jefferson County, West Virginia, the county in which the Project is to be located, and, in my opinion, the City has acquired legal title or such other estate or interest in the necessary site components for the Project sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

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

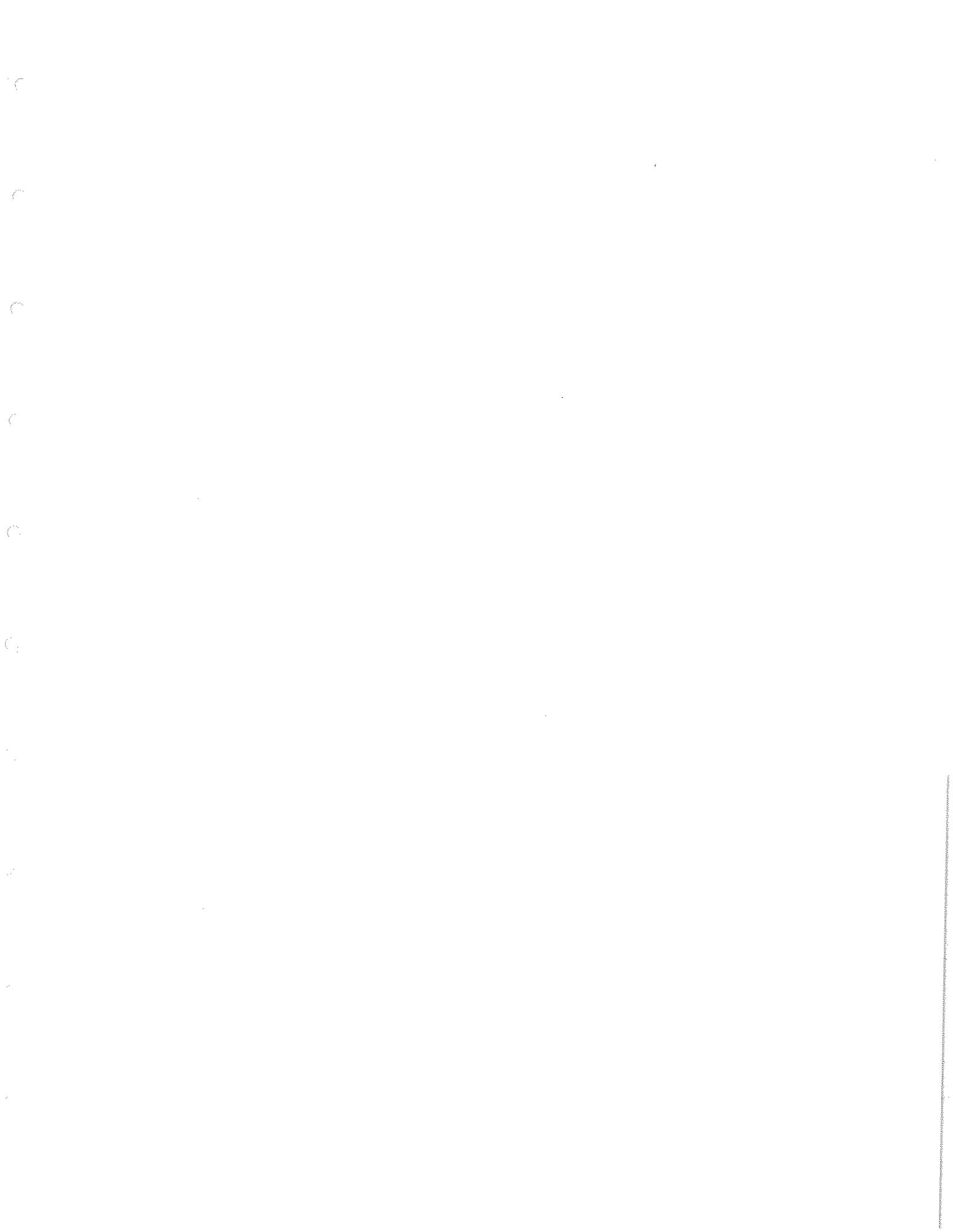
Sincerely,



James B. Crawford, III

JBCIII/rav

city/waste



CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned MAYOR, CITY MANAGER and CITY CLERK of the CITY OF CHARLES TOWN in Jefferson County, West Virginia (the "Issuer"), and the undersigned CITY ATTORNEY, hereby certify in connection with the Issuer's Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program), dated the date hereof (the "Series 2000 A Bonds") as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Ordinance of the Issuer duly enacted June 19, 2000, and the Supplemental Resolution duly adopted June 19, 2000 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or

delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Gross Revenues, 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, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Gross Revenues as security for the Bonds.

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

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2000 A Bonds as to liens, pledge, source of and security for payment, as follows:

- (1) Combined Waterworks and Sewerage System Revenue Bonds, Series 1987 B, dated November 18, 1987, issued in the original aggregate principal amount of \$413,629 (the "Series 1987 B Bonds") ;
- (2) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-1, dated May 4, 1988, issued in the original aggregate principal amount of \$295,916 (the "Series 1988 B-1 Bonds");
- (3) Combined Waterworks and Sewerage System Revenue Bonds, Series 1988 B-2, dated May 20, 1988, issued in the original aggregate principal amount of \$558,000 (the "Series 1988 B-2 Bonds");
- (4) Combined Waterworks and Sewerage System Revenue Bonds, Series 1989 B, dated April 13, 1989, issued in the original aggregate principal amount of \$117,480 (the "Series 1989 B Bonds");

- (5) Combined Waterworks and Sewerage System Refunding Revenue Bonds, Series 1998, dated May 15, 1998, issued in the original aggregate principal amount of \$10,355,000 (the "Series 1998 Refunding Bonds"); and
- (6) Combined Waterworks and Sewerage System Design Revenue Bonds, Series 1998 (West Virginia SRF Program), dated September 29, 1998, issued in the original aggregate principal amount of \$437,601 (the "Series 1998 Design Bonds").

The Series 1987 B Bonds, the Series 1988 B-1 Bonds, the Series 1988 B-2 Bonds, the Series 1989 B Bonds, the Series 1998 Refunding Bonds and the Series 1998 Design Bonds are hereinafter collectively called the "Prior Bonds". The ordinances which authorized the issuance of the Prior Bonds are herein collectively referred to as the "Prior Ordinances".

The Series 2000 A Bonds shall be issued on a parity with the Prior Bonds, all of which shall have a first lien position with respect to pledge and source of and security for payment and in all other respects. The Issuer has met the coverage requirements for issuance of parity bonds of the Prior Bonds and the Prior Ordinances and has substantially complied with all other parity requirements, except to the extent that noncompliance with any such other parity requirements is not of a material nature.

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds (other than the Series 1998 Refunding Bonds) to the issuance of the Series 2000 A Bonds on a parity with such Bonds.

Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Ordinance

Supplemental Resolution

SRF Loan Agreement

Public Service Commission Orders

Infrastructure Council Approval

City Charter, with Amendments

City Council Rule Regarding Publication of Ordinance and Affidavit of Publication

Oaths of Office of Officers and Councilmembers

Ordinance Creating Municipal Utility Commission

Sewer and Water Rate Ordinance and Public Service Commission Orders relating thereto

Minutes on Adoption and Enactment of Sewer and Water Rate Ordinance

Affidavit of Publication of Sewer and Water Rate Ordinance

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

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

NPDES Permit

1987 B Bond Ordinance and Supplemental Resolution

1988 B-1 Bond Ordinance and Supplemental Resolution

1988 B-2 Bond Ordinance and Supplemental Resolution

1989 B Bond Ordinance and Supplemental Resolution

1998 Refunding Bond Ordinance and Supplemental Resolution

1998 Design Bond Ordinance and Supplemental Resolution

Consent of Prior Bondholders

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "City of Charles Town." The Issuer is a municipal corporation in Jefferson County and is presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Council, consisting of a Mayor and 8 councilmembers, all duly elected or appointed, as applicable, qualified and acting, and whose names and dates of commencement and termination of current terms of office are as follows:

| <u>Name</u> | | <u>Date of Commencement of Office</u> | <u>Date of Termination of Office</u> |
|------------------------|-----------------|---------------------------------------|--------------------------------------|
| J. Randolph Hilton | - Mayor | June 1, 1998 | May 30, 2001 |
| Violet Lowery | - Councilmember | June 1, 1998 | May 30, 2001 |
| Randy Breedon | - Councilmember | June 1, 1997 | May 30, 2003 |
| John A. Ward | - Councilmember | June 1, 1999 | May 30, 2003 |
| Timothy Robinson | - Councilmember | June 1, 1998 | May 30, 2001 |
| Matthew W. Ward | - Councilmember | June 1, 1998 | May 30, 2001 |
| Russell C. Miller, Jr. | - Councilmember | June 1, 1999 | May 30, 2001 |
| William F. Jordan, Jr. | - Councilmember | June 1, 1999 | May 30, 2003 |
| Geraldine Willingham | - Councilmember | June 1, 1998 | May 30, 2001 |

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

| | | |
|----------------|---|---------------------|
| Jane Arnett | - | Chairman and Member |
| John Kastanek | - | Member |
| Pete Kubic | - | Member |
| Thomas Stucks | - | Member |
| Robert Kutcher | - | Member |

The duly appointed and acting Clerk of the Issuer is Brenda S. Hamilton. Jane Arnett, C.P.A., is the duly appointed and acting City Manager for the Issuer. The duly appointed and acting Counsel to the Issuer is Crawford & Jackson, P.L.L.C., Charles Town, West Virginia. The duly appointed and acting special counsel PSC Counsel to the Issuer is Hoy G. Shingleton, Jr., Esquire.

7. LAND AND RIGHTS-OF-WAY: All land in fee simple and all rights-of-way and easements necessary for the acquisition and construction of the Project and the operation and maintenance of the System have been acquired or can and will be acquired by purchase, or, if necessary, by condemnation by the Issuer and are adequate for such purposes and are not or will not be subject to any liens, encumbrances, reservations or

exceptions which would adversely affect or interfere in any way with the use thereof for such purposes. The costs thereof, including costs of any properties which may have to be acquired by condemnation, are, in the opinion of all the undersigned, within the ability of the Issuer to pay for the same without jeopardizing the security of or payments on the Bonds. With respect to the alternative add-on, the Issuer will either have good title or obtain right of entry prior to giving notice to proceed for the alternative add-on.

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

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

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

11. RATES: The Issuer duly enacted a water rate ordinance on July 17, 1995, and a sewer rate ordinance on September 7, 1999, setting the respective rates and charges for the services of the System. The time for appeal of such rate ordinances has expired prior to the date hereof without any appeal, and are currently in effect.

12. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Mayor and City Manager did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond of each series, dated the date hereof, by their

respective manual signatures, and the undersigned City Clerk did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

13. BOND PROCEEDS: On the date hereof, the Issuer received \$246,376 from the Authority and the DEP, being a portion of the principal amount of the Series 2000 A Bonds, there being no interest accrued thereon. The balance of the principal amount of the Series 2000 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

14. PUBLICATION AND PUBLIC HEARING ON BOND ORDINANCE: Upon adoption of the Bond Ordinance, an abstract thereof, determined by the Governing Body to contain sufficient information as to give notice of the contents thereof, was published once each week for 2 successive weeks, with not less than 6 full days between each publication, the first such publication occurring not less than 10 days before the date stated below for the public hearing, in the Spirit of Jefferson Advocate, a qualified newspaper published and of general circulation in the City of Charles Town, together with a notice to all persons concerned, stating that the Bond Ordinance had been adopted and that the Issuer contemplated the issuance of the Bonds described in such Bond Ordinance, stating that any person interested may appear before the Council at the public hearing held at a public meeting of Council on the 19th day of June, 2000, at 7:30 p.m., at the place of meeting for the Council and present protests, and stating that a certified copy of the Bond Ordinance was on file at the office of the City Clerk of the Issuer for review by interested parties during the office hours of the Issuer. At such hearing all objections and suggestions were heard by the Governing Body and the Bond Ordinance became finally adopted, enacted and effective as of the date of such public hearing, and remains in full force and effect.

15. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on January 6, 2000 (the "Final Order"), the Commission Order of the Public Service Commission of West Virginia entered on June 8, 2000, the Commission Order Rescinding and Replacing Order of June 8, 2000, entered on June 16, 2000, and the Commission Order Correcting Order of June 16, 2000, entered on June 21, 2000 (collectively, the "Commission Orders"), all in Case No. 99-1269-S-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of such Final Order has expired prior to the date hereof without any appeal. The time for appeal of such Commission Orders has not expired prior to the date hereof. The Issuer hereby states that it will not appeal such Commission Orders. The other parties thereto have stated that they do not intend to appeal such Commission Orders. Such Commission Orders are not subject

to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to the original application.

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

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

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

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

WITNESS our signatures and the official seal of the CITY OF CHARLES TOWN on this 22nd day of June, 2000.

[CORPORATE SEAL]

SIGNATURE

OFFICIAL TITLE

J. Randolph Hill

Mayor

Jane E. Arnett

City Manager

Brenda J. Hamilton

City Clerk

[Signature]

City Attorney

06/14/00
144220/99002

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

CERTIFICATE AS TO ARBITRAGE

The undersigned Mayor of the City of Charles Town in Jefferson County, West Virginia (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of \$3,163,781 Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Series 2000 A Bonds" or the "Bonds"), of the Issuer, dated the date hereof, hereby certifies 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 the officer of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances, and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the same meaning as set forth in the ordinance authorizing the Bonds duly enacted by the Issuer on June 19, 2000 (as supplemented, the "Bond Ordinance").

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 that may not certify its bonds or 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 June 22, 2000, the date on which the Bonds are to be physically delivered in exchange for an initial advance of \$246,376 being more than a de minimus portion of the principal amount of the Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Series 2000 A Bonds were sold on June 22, 2000, to the Authority, pursuant to a loan agreement dated June 1, 2000, by and among the Issuer, the Authority and

the West Virginia Division of Environmental Protection (the "DEP"), for an aggregate purchase price of \$3,163,781 (100% of par), at which time the Issuer received \$246,376 from the Authority and the DEP, being the first advance of the principal amount of the Series 2000 A Bonds. No accrued interest has been or will be paid on the Series 2000 A Bonds. The balance of the principal amount of the Series 2000 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Issuer has covenanted in the Bond Ordinance not to take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Bonds which would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Issuer has, therefore, covenanted not to intentionally use any portion of the proceeds of the Bonds to acquire higher yielding investments or to replace funds which were used directly or indirectly to acquire higher yielding investments, except as otherwise allowed under Section 148 of the Code. The Issuer, in the Bond Ordinance, has further covenanted that it will take all actions that may be required of it 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.

7. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of extensions, additions, betterments and improvements to the sewerage portion of the existing public combined waterworks and sewerage system of the Issuer (the "Project"); (ii) funding a reserve account for the Series 2000 A Bonds; and (iii) paying costs of issuance and related costs thereof.

8. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of 5% of the proceeds thereof on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in the Series 2000 A Bonds Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before August 22, 2001. The acquisition and construction of the Project is expected to be completed by June 22, 2001.

9. The total cost of the Project (including all costs of issuance of the Bonds) is estimated at \$4,318,670. Sources and uses of funds for the Project are as follows:

SOURCES

| | |
|---|--------------------|
| Proceeds of the City of Charles Town Series 2000 A Bonds | \$3,163,781 |
| Proceeds of the Jefferson County PSD, Sewer Revenue Bonds, Series 2000 A | <u>\$1,154,889</u> |
| Total Sources | <u>\$4,318,670</u> |

USES

| | |
|---|--------------------|
| Costs of Acquisition and Construction of the Project | \$4,053,854 |
| Fund Series 2000 A Bonds Reserve Account | \$192,320 |
| Fund Jefferson County PSD, Series 2000 A Bonds Reserve Account | \$38,496 |
| City of Charles Town Costs of Issuance | \$17,000 |
| Jefferson County PSD Cost of Issuance | <u>\$17,000</u> |
| Total Uses | <u>\$4,318,670</u> |

The total amount of the costs of the Project is estimated to be at least equal to the gross proceeds of the Series 2000 A Bonds and the contribution from the Jefferson County Public Service District. Except for the proceeds of the Bonds, no other funds of the Issuer will be available to meet costs of the Project, which would constitute "replacement proceeds" within the meaning of Treas. Reg. § 1.148-1(c), inasmuch as (i) the Issuer does not reasonably expect that the term of the Bonds is longer than is reasonably necessary for the governmental purposes of the Issuer, (ii) the weighted average maturity of the Bonds does not exceed 120% of the average expected economic life of the Project, and (iii) there are no amounts that have a sufficiently direct nexus to the Bonds or to the governmental purpose of the Bonds to conclude that the amounts would have been used for that governmental purpose if the proceeds of the Bonds were not used or to be used for that governmental purpose.

10. Pursuant to Article V of the Bond Ordinance, the following special funds or accounts have been created (or continued if previously established by the Prior Ordinances):

- (1) Revenue Fund;
- (2) Renewal and Replacement Fund;
- (3) Series 2000 A Bonds Construction Trust Fund;

- (4) Rebate Fund
- (5) Series 2000 A Bonds Sinking Fund; and
- (6) Within the Series 2000 A Bonds Sinking Fund, the Series 2000 A Bonds Reserve Account.

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

(1) Series 2000 A Bonds proceeds in the amount of \$ -0- will be deposited in the Series 2000 A Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2000 A Bonds during acquisition and construction of the Project and for not more than six months thereafter.

(2) Series 2000 A Bonds proceeds in the amount of \$192,320 will be deposited in the Series 2000 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2000 A Bonds will be deposited in the Series 2000 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2000 A Bonds and related costs.

Amounts in the Series 2000 A Bonds Construction Trust Fund, if invested, will be invested without yield limitation for a period necessary to complete the Project, not to exceed 3 years, except as otherwise set forth herein. All of such moneys are necessary for such purpose.

Except for "preliminary expenditures" as defined in Treasury Regulation §1.150 - 2(f)(2), none of the proceeds of the Series 2000 A Bonds will be used to reimburse the Issuer for costs of the Project previously incurred and paid by the Issuer with its own or other funds.

12. Moneys held in the Series 2000 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Series 2000 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2000 A Bonds Sinking Fund and Series 2000 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2000 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be

deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Ordinance.

13. Except for the Series 2000 A Bonds Sinking Fund and the Series 2000 A Bonds Reserve Account, 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 Bonds, or which are pledged as collateral for the Bonds and for which there is a reasonable assurance that amounts therein will be available to pay debt service on the 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 Bonds. Except as provided herein, no funds which have been or will be used to acquire directly or indirectly securities, obligations, annuity contracts, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan producing a yield in excess of the yield on the Bonds have been or will be pledged to payment of the Bonds. Less than 10% of the moneys received from the sale of the Bonds, if any, will be deposited in the Series 2000 A Bonds Reserve Account or any other reserve or replacement fund. The amounts deposited in the Series 2000 A Bonds Reserve Account from time to time by the Issuer will not exceed the maximum annual principal of and interest on the Bonds and will not exceed 125% of average annual principal of and interest on the Bonds. Amounts in the Series 2000 A Bonds Reserve Account, not to exceed 10% of the proceeds of the Bonds, if invested, will be invested without yield limitation. The establishment of the Series 2000 A Bonds Reserve Account is required by the Authority, is vital to its purchase of the Bonds, and is reasonably required to assure payments of debt service on the Bonds.

Because amounts in the Renewal and Replacement Fund may be expended for other purposes, there is no reasonable assurance that any such amounts would be available to meet debt service if the Issuer encounters financial difficulties; thus, such amounts may be invested without yield limitation.

14. Not later than simultaneously with the delivery of the Bonds, the Issuer shall enter into a contract for the construction of the Project, and the amount to be expended pursuant to such contract exceeds the lesser of 5% of the estimated total Project cost financed with proceeds from the sale of the Bonds or \$100,000.

15. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

16. Except for a reasonable temporary period until such proceeds are needed for the purpose for which such Bonds were issued or as otherwise allowed, no portion of the proceeds of the Bonds will be used, directly or indirectly, to acquire higher yielding

investments, or to replace funds which were used, directly or indirectly, to acquire higher yielding investments, all within the meaning of Section 148 of the Code.

17. 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.

18. With the exception of the amount deposited in the Series 2000 A Bonds Sinking Fund for payment of interest on the Bonds and the amount deposited in the Series 2000 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 14 months from the date of issuance thereof.

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

20. The Series 2000 A Bonds Sinking Fund (other than the Series 2000 A Bonds Reserve Account therein) is intended primarily to achieve a proper matching of payments of debt service on the Series 2000 A Bonds each year. The Series 2000 A Bonds Sinking Fund (other than the Series 2000 A Bonds Reserve Account therein) will be depleted at least once a year except for a reasonable carryover amount not in excess of the greater of 1/12th of annual debt service on the Series 2000 A Bonds, or 1 year's interest earnings on the Series 2000 A Bonds Sinking Fund (other than the Series 2000 A Bonds Reserve Account therein). Except as otherwise allowed, any money deposited in the Series 2000 A Bonds Sinking Fund for payment of the principal of or interest on the Bonds (other than the Series 2000 A Bonds Reserve Account therein), will be spent within a 13-month period beginning on the date of receipt and will be invested without yield limitation, and any moneys received from the investment of amounts held in the Series 2000 A Bonds Sinking Fund (other than in the Series 2000 A Bonds Reserve Account therein) will be spent within a 1-year period beginning on the date of receipt.

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

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

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

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

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

26. 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 treatment afforded by Section 103(a) of the Code by reason of classification of the Bonds as "private activity bonds" within the meaning of the Code. The 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 Bonds is excludable from gross income for federal income tax purposes.

27. The Bonds are not and will not be, in whole or in part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

28. 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 interest on the Bonds.

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

30. The Issuer is a governmental unit and has general taxing powers; no Bonds are private activity bonds; 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the Issuer (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Issuer); and the aggregate face amount of all tax-exempt bonds or obligations (other than private activity bonds) issued by the Issuer during the calendar year 2000, the calendar year in which the Bonds are issued, is not reasonably expected to exceed \$5,000,000, determined in accordance with Section 148(f)(4)(D) of the Code. For purposes of this paragraph and for purposes of applying Section 148(f)(4)(D) of the Code, the Issuer and all entities which issue obligations on behalf of the Issuer shall be treated as one issuer; all obligations issued by a governmental unit to make loans to other governmental units with general taxing powers not subordinate to such unit shall, for purposes of applying this paragraph and Section 148(f)(4)(D) of the Code, to each other entity to which such entity is subordinate, be treated as issued by such other entity; and an entity formed (or, to the extent provided by the Secretary, as set forth in the Code, availed of) to avoid purposes of such Section 148(f)(4)(D) of the Code and all other entities benefitting thereby shall be treated as one issuer. No portion of the Bonds is issued to refund other obligations.

The Issuer believes that the Authority exclusively lends bond proceeds in a manner that does not result in its bonds being private activity bonds, as defined in the Code,

and the Issuer believes that the use of the proceeds by each borrower from the Authority would not result in those proceeds being private activity bonds (if viewed as a separate issue).

31. The Issuer has either (a) funded the Series 2000 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Series 2000 A Bonds in the then current or any succeeding year with the proceeds of the Series 2000 A Bonds, or (b) created the Series 2000 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2000 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Series 2000 A Bonds in the then current or any succeeding year. Moneys in the Series 2000 A Bonds Reserve Account and the Series 2000 A Bonds Sinking Fund (established for the annual payment of principal and interest) will be used solely to pay principal of and interest on the Series 2000 A Bonds and will not be available to pay costs of the Project.

32. The Issuer shall submit to the Authority within 15 days following the end of each bond year a certified copy of its rebate calculation or, if the Issuer qualifies for the small governmental issuer exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the bond year which would make the Bonds subject to rebate.

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

34. The transactions contemplated herein do not represent an exploitation of the difference between taxable and tax-exempt interest rates and the execution and delivery of the Bonds is not occurring sooner than otherwise necessary, nor are the Bonds in principal amounts greater than otherwise necessary or to be outstanding longer than otherwise necessary.

35. The Issuer will rebate to the United States the amount, if any, required by the Code and will 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 Bonds.

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

37. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center.

38. All proceeds of the Series 2000 A Bonds to be used for payment of costs of the Project will be expended for such purposes within 3 years of June 22, 2000.

39. On the basis of the foregoing, it is not expected that the proceeds of any of the Bonds will be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

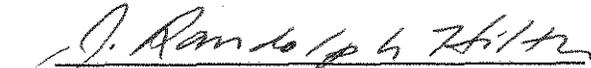
40. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

41. 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 Bonds.

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

WITNESS my signature on this 22nd day of June, 2000.

CITY OF CHARLES TOWN



Mayor

06/14/00
144220/99002

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A
(West Virginia SRF Program)

CERTIFICATE OF ENGINEER

I, Peter John Harold Thomson, Registered Professional Engineer, West Virginia License No. 013863, of Chester Engineers, Gaithersburg, Maryland, hereby certify as follows:

1. My firm is engineer for the design, acquisition and construction of certain additions, betterments and improvements (the "Project") to the sewerage portion of the existing public combined waterworks and sewerage system (the "System") of the City of Charles Town (the "Issuer") to be constructed primarily in the City of Charles Town, Jefferson County, West Virginia, which acquisition and construction are being permanently financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Ordinance enacted by the Issuer on June 19, 2000, as supplemented, and the Loan Agreement, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), dated June 1, 2000 (the "Loan Agreement").

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed by the Issuer and/or the successful bidders in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least thirty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount compatible with the plan of financing set forth in the attached Schedule A; (iv) our records indicate that the successful bidders received all addenda to the original bid documents; (v) the

bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain, in my opinion, the critical designed operational components of the Project; (vi) the successful bids, as received, include prices for every separate line item on such bid forms; (vii) the uniform bid procedures were followed; (viii) in my professional opinion, the Issuer has obtained the applicable permits required to this point by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) the proceeds of the Bonds, together with all other sources of funds, if any, set forth in Schedule A are, in my opinion, sufficient to pay the estimated total costs of acquisition and construction of the Project, plus the costs of financing, all as set forth on the attached Schedule A; (x) in reliance upon the certificate of the Issuer's certified public accountant, J. C. Kunkle & Associates, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; and (xi) attached hereto as Exhibit A is the final amended "Schedule A - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this June 22, 2000.



CHESTER ENGINEERS

A handwritten signature in cursive script, appearing to read "Peter Thomson", written over a horizontal line.

Peter John Harold Thomson, P.E.
West Virginia License No. 013863

06/15/00
144220/99002

SCHEDULE A

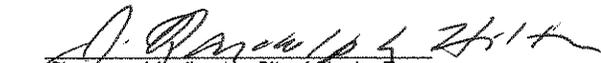
NAME OF GOVERNMENTAL AGENCIES: City of Charles Town/ Jefferson County Public Service District

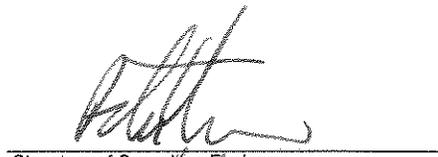
ESTIMATED TOTAL COST OF PROJECT, SOURCES OF FUNDS, AND COST OF FINANCING

| | City of Charles Town | Jefferson Public Service District | Total |
|--|----------------------|-----------------------------------|--------------|
| A. Cost of Project | | | |
| 1. Construction | \$ 2,663,734 | \$ 932,165 | \$ 3,595,899 |
| 2. Technical Services | \$ 222,076 | \$ 84,000 | \$ 306,076 |
| 3. Legal and Fiscal | \$ 10,000 | | \$ 10,000 |
| 4. Administrative | \$ 2,500 | \$ 2,500 | \$ 5,000 |
| 5. Site and Other Lands | | | \$ 0 |
| 6. Facility Plan/Design or Other Loan Repayment (Specify Type _____) | | | \$ 0 |
| 7. Interim Financing Costs | | | \$ 0 |
| 8. Contingency | \$ 56,151 | \$ 80,728 | \$ 136,879 |
| 9. Miscellaneous | | | \$ 0 |
| Total of Lines 1 through 9 | \$ 2,954,461 | \$ 1,099,393 | \$ 4,053,854 |
| B. Sources of Funds | | | |
| 11. Federal Grants* (Specify Sources) | | | \$ 0 |
| 12. State Grants* (Specify Sources) | | | \$ 0 |
| 13. Other Grants * (Specify Sources) | | | \$ 0 |
| 14. Any Other Source (Specify) SRF Loan | | | \$ 0 |
| 15. Total of Lines 11 Through 14 | | | \$ 0 |
| 16. Net Proceeds Required from Bond Issue (Line 10 minus Line 15) | \$ 2,954,461 | \$ 1,099,393 | \$ 4,053,854 |
| C. Cost of Financing | | | |
| 17. Bond Counsel | \$ 17,000 | \$ 17,000 | \$ 34,000 |
| 18. Funded Reserve Account | \$ 192,320 | \$ 38,496 | \$ 230,816 |
| 19. Total Cost of Funding (lines 17+18) | \$ 209,320 | \$ 55,496 | \$ 264,816 |
| 20. Size of Bond Issue (Line 16 Plus Line 19) | \$ 3,163,781 | \$ 1,154,889 | \$ 4,318,670 |

* not allowable for State Revolving Fund Assistance

** WDA loans associated with EPA grants are not allowable


 Signature of Applicant - City of Charles Town
 Date: 6/15/00


 Signature of Consulting Engineer
 Date: 6/19/00


 Signature of Applicant - Jefferson County Public Service District
 Date: 6/19/00



J.C. Kunkle & Associates
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

June 22, 2000

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A
(West Virginia SRF Program)

City of Charles Town
Charles Town, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Division of Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the sewer rate ordinance of the City of Charles Town (the "Issuer"), enacted September 7, 1999, the water rate ordinance of the Issuer, enacted July 17, 1995, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Chester Engineers, the consulting engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the combined waterworks and sewerage system of the Issuer (the "System"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program) (the "Bonds"), and all other obligations secured by or payable from revenues of the System prior to or on a parity with or junior to the Bonds, including the Prior Bonds, as such term is defined in the Ordinance of the Issuer, enacted June 19, 2000, authorizing the issuance of the Bonds. It is our further opinion 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 the Bonds, plus the estimated average increase annual Net Revenues to be received in each of the 3 succeeding years after the date of issuance of the Bonds, is not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for principal of and interest on the Prior Bonds currently outstanding and the Bonds.

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, refers only to the increased Net Revenues estimated to be derived from the improvements to be financed by the Bonds and any increase in rates enacted by the Issuer, the time for appeal of which shall have expired (without successful appeal) prior to the issuance of the Bonds.

Very truly yours,

J.C. KUNKLE & ASSOCIATES

A handwritten signature in cursive script, appearing to read "John C. Kunkle".

John C. Kunkle, CPA and MBA
Principal

CHARTER
OF THE
CITY OF
CHARLES TOWN
WEST VIRGINIA

EDITOR'S NOTE: The Charles Town Charter was enacted by the West Virginia Legislature in 1915.

TABLE OF CONTENTS

| | |
|-------------|--|
| Section 1. | Corporate limits. |
| Section 2. | Municipal authorities. |
| Section 3. | Town incorporate. |
| Section 4. | Corporate powers. |
| Section 5. | Election of Mayor and Councilmen. |
| Section 6. | Wards; elections therein. |
| Section 7. | Qualifications of Mayor, etc. |
| Section 8. | Terms of office. |
| Section 9. | Certificates of election. |
| Section 10. | Who may vote. |
| Section 11. | Vacancies in office. |
| Section 12. | Mode of voting. |
| Section 13. | Tie votes. |
| Section 14. | Contested elections. |
| Section 15. | Quorum. |
| Section 16. | Number, terms, duties and compensation of appointive officers. |
| Section 17. | Oath of Mayor and Councilmen. |
| Section 18. | Failure to qualify. |
| Section 19. | Presiding officer. |
| Section 20. | Journal of Council. |
| Section 21. | Powers of Council. |
| Section 22. | Power to repair sidewalks, etc. |
| Section 23. | General powers. |
| Section 24. | Annual estimate. |
| Section 25. | Annual levy. |
| Section 26. | Licenses. |
| Section 27. | Assessor. |
| Section 28. | Sergeant |
| Section 29. | Lien on real estate for taxes. |
| Section 30. | Prohibition of shows. |
| Section 31. | Bonds of Sergeant and Treasurer. |

CHARTER

2

- Section 32. Mayor; powers, duties, etc.
- Section 33. Clerk; his duties and compensation.
- Section 34. Sergeant; his duties, liabilities and compensation.
- Section 35. Treasurer.
- Section 36. Motion against Treasurer.
- Section 37. Motion against Sergeant.
- Section 38. Commissioner of Streets.
- Section 39. Exemption from road and poor tax.
- Section 40. Hitching yard.
- Section 41. Former toll roads within the corporate limits.
- Section 42. Other provisions of law applicable.
- Section 43. Rights reserved.
- Section 44. Duties of the Council.
- Section 45. Prisoners; how employed.
- Section 46. Opening streets.

CHARTER
OF THE
CITY OF
CHARLES TOWN
WEST VIRGINIA

SECTION 1. CORPORATE LIMITS.

The corporate limits of the Town of Charles Town shall be as follows, to-wit:

Beginning at the corner of William H. Travers and Andrew Hunter, on the north side of Smithfield, Charles Town and Harpers Ferry turnpike, being 41.1 poles from the east side to town alley (figure 1 in plat of S. Howell Brown's survey of January eighteenth, one thousand eight hundred and seventy-two); running thence with the line of said Travers and Hunter, and also the line of Richard Hessey and the said Hunter, N. 20 degrees, 20 minutes, W. to the Winchester and Potomac Railroad, and extending the same course in all 79.3 poles to a stake in James M. Ranson's field; thence parallel to Washington Street S. 69 degrees, 40 minutes, W. 290 poles to a stake at the prolongation of the line of Mrs. Buskirk and Henry B. Davenport; thence in the direction of said line S. 20 degrees, 20 minutes, E. 10.8 poles to a stake at the west side of new road, where the same intersects the "Old Mill Road"; thence with the west side of new road S. 20 degrees, 10 minutes, W. 52.9 poles, crossing the aforesaid turnpike to a stake in the line of said Davenport (5); and thence with the said line S. 17 degrees, 50 minutes, E. 30.9 poles to the south line of the "Old Winchester Road"; thence with it N. 69 degrees, 40 minutes, E. 36.05 poles to a point at the prolongation of the aforesaid line of Buskirk and Davenport; thence extending said course S. 20 degrees, 20 minutes, E. 147.12 poles to a stake in William Drew's field; thence parallel to Washington Street N. 69 degrees, 40 minutes, E. 122 poles to a stake; thence S. 20 degrees, 20 minutes, E. 45.45 poles to a stake; thence N. 69 degrees, 40 minutes, E. 115.25 poles to a stake; thence N. 20 degrees, 20 minutes, W. 45.45 poles to a stake; thence N. 69 degrees, 40 minutes, E. 52.75 poles to a stake in George H. Tate's field (13); thence N. 20 degrees, 20 minutes, W. 150.18 poles to beginning; containing 460 acres.

Editor's Note: In addition to the above described territory, the following territory was annexed to the city in 1967:

Beginning at the present corporation line of Charles Town in the east line of South Samuel Street; thence N 72-30 E 926 feet; thence N 17-30 W 750 feet, crossing Forrest Avenue, to a point; thence and still with said present corporation line, N 72-30 E 797.3 feet to a point; thence leaving said present corporation line and running with the east line of an alley, S 20-15 W 1463.7 feet to a point therein; thence S 69-45 E 3 feet; thence S 20-15 W 992.2 feet to a point; thence N 69-43 W 79.8 feet; and N 18-00 W 425.4 feet; N 13-30 E 285.7 feet; N 25-10 E 45 feet; N 14-15 W 205 feet; and S 73-15 W 343.5 feet to the east line of South Samuel Street (extended); and thence with same N 17-30 W 232 feet to the beginning; containing 22.48 acres.

SECTION 2. MUNICIPAL AUTHORITIES.

The Municipal authorities of said Town shall be a Mayor and two Councilmen from each ward who, together, shall be a Common Council.

SECTION 3. TOWN INCORPORATE.

The Mayor and Councilmen as soon as they shall be elected and qualified, as herein provided, shall be a body politic and corporate by the name of "The Corporation of Charles Town", and shall have perpetual succession and a common seal; and by that name may sue and be sued, plead and be impleaded, contract and be contracted with, and may purchase and hold real estate and other property necessary or proper to enable it to discharge its duties, and needful for the good order, government and welfare of said corporation.

SECTION 4. CORPORATE POWERS.

All the corporate powers of said town shall be exercised by the said Council or under its authority, except when otherwise provided.

SECTION 5. ELECTION OF MAYOR.

The Mayor and Councilmen shall be elected by the qualified voters of said corporation.

SECTION 6. WARDS; ELECTIONS THEREIN.

The said town shall consist of four wards located and bounded as follows:

The first ward shall include all the territory within the corporate limits lying north of Washington Street and the Summit Point road and west of George Street; the second ward, all the territory lying south of Washington Street and the Summit Point road and west of George Street; the third ward all the territory within said corporate limits lying east of George Street and south of Washington Street; the fourth ward all the territory within said corporate limits lying east of George Street and north of Washington Street. Elections in said corporation under this Act shall be held on the fourth Thursday in May, one thousand nine hundred and fifteen, and annually thereafter on such Thursday, and shall be under the supervision of three inspectors at each election precinct in said Town, who are to be appointed by the Council, and who shall be governed by such rules and regulations as the Council may prescribe. The Council shall select and designate the voting places of the respective wards in the Town.

SECTION 7. QUALIFICATIONS OF MAYOR, ETC.,

The Mayor and Councilmen must be, at the time of their election and during their terms of office, owners in fee of real estate in said corporation of the value of two hundred and fifty dollars over and above all encumbrances, and be entitled to vote for members of its common Council.

SECTION 8. TERMS OF OFFICE.

Their term of office shall be (except when to fill vacancies) for two years, and until their successors are elected and qualified, as herein provided; except that at the election to be held on the fourth Thursday in May, one thousand nine hundred and fifteen, there shall be elected one Councilman from the first, second, and fourth wards, and two Councilmen from the third ward, one of the said two so elected from the third ward to hold office for two years, and the other for one year; the terms of office of said Councilmen so elected from the third ward shall be determined by lot at the first meeting of the Council held after such election in one thousand nine hundred and fifteen.

Annually thereafter, on the fourth Thursday in May, there shall be elected one Councilman from each ward, to be voted for throughout the town as hereinbefore provided. The Mayor shall be elected on the fourth Thursday in May, one thousand nine hundred and sixteen, and every two years thereafter on such Thursday. The Mayor and members of the Council elected in May, one thousand nine hundred and fifteen, shall continue in office until their successors are elected in May, one thousand nine hundred and sixteen.

SECTION 9. CERTIFICATES OF ELECTION.

As soon as the result for such election for Mayor and Councilmen is ascertained, the inspectors of election shall sign a certificate containing complete returns of the polls taken at their place of voting for all of said officers, and shall enclose the certificate in an envelope, which shall be sealed up and endorsed by each of such inspectors. The inspectors, or one of them, shall, within three days after the day on which such election was held, deliver said certificates to the Mayor of said Town. At the next meeting of the Council thereafter the Mayor shall present such certificates to the Council, who shall examine the same and ascertain the true result of such election in said Town, and the person respectively appearing to have received the highest number of vote for the several offices shall be declared elected, and a certificate thereof signed by the Mayor shall be granted to the person so elected.

SECTION 10. WHO MAY VOTE.

Every person who shall have resided within the boundaries of said Town for one month, and within the ward in which he offers to vote for five days next preceding the election held therein, and who is a qualified voter under the laws and Constitution of this State, and no others, shall be entitled to vote at any election held in said town.

SECTION 11. VACANCIES IN OFFICE.

All vacancies occurring from any cause in any elective office of the Town shall be filled by appointment by the Council until the next election held in said Town for Councilmen; but in case of a Councilman, such appointment shall be made only of a resident of the ward in which such vacancy has occurred, and such appointees shall be otherwise qualified as is required by this Act.

SECTION 12. MODE OF VOTING.

At all elections the mode of voting shall be that prescribed by the State Constitution for election of State officers.

SECTION 13. TIE VOTES

Whenever two or more candidates for the same office at any election shall receive an equal number of votes, the Council shall, in an equitable mode, determine which of the persons so voted for shall be returned elected.

SECTION 14. CONTESTED ELECTIONS.

All contested elections shall be heard and decided by the Council for the time being; but the Council may order a new election if satisfied the ends of justice will be better attained thereby.

SECTION 15. QUORUM.

A majority of the Councilmen elected shall be necessary for the transaction of any business.

SECTION 16. NUMBER, TERMS, DUTIES AND COMPENSATION OF APPOINTIVE OFFICERS.

There shall be one or more Sergeants, a Clerk, a Treasurer, an Assessor, a City Attorney, a City Health Officer, a City Engineer, and three Commissioners of Roads, Streets and Alleys of said Town, who shall be appointed by the Council thereof and hold office during the pleasure of said Council. The duties of Sergeant, Clerk, Treasurer and Assessor may be discharged by the same person, or otherwise, as the Council may from time to time determine; but no member of the Council shall hold any of said offices. The compensation for said officers shall be in the discretion of the Council.

SECTION 17. OATH OF MAYOR AND COUNCILMEN.

The Mayor and Councilmen and all officers herein provided for, shall each, before entering upon the duties of his office, and within ten days of the time of his election or appointment, take and subscribe an oath to faithfully and impartially discharge the duties of his office, and the oath to support the Constitution of the United States, and the Constitution of the State of West Virginia. The Mayor, having taken such oath or affirmation, may administer the same to the Councilmen and other officers. Certificates of said oaths or affirmations shall be recorded in the journal of said Council, and whenever two-thirds of the members of the Council shall have qualified, they shall enter upon said offices.

SECTION 18. FAILURE TO QUALIFY.

If any one who shall have been elected Mayor or Councilman shall not be eligible as herein prescribed, or shall refuse or fail to take the oath or affirmation required under this Act, within the time prescribed, the Council may declare his office vacant and fill the vacancy as provided in Section Eleven of this Act.

SECTION 19. PRESIDING OFFICER.

The Council shall be presided over at its meetings by the Mayor, or in his absence, by the Mayor Pro Tem., who shall be chosen annually by a majority of the Council present at the first meeting of said Council, from the members of the Council after the election and qualification; and such Mayor Pro Tem., shall in the absence of the Mayor, have all the powers and perform all the duties of the Mayor.

SECTION 20. JOURNAL OF COUNCIL.

The Council shall cause to be kept, in a well-bound book, an accurate record of all its proceedings, bylaws, acts and orders, which shall be fully indexed, and open to the inspection of citizens of the Town. The proceedings of each meeting shall be read and corrected at the succeeding meeting, and signed by the person presiding for the time being. Upon the call of any member the yeas and nays shall be called and recorded in the journal. In all cases of a tie the person presiding at the time shall have the casting vote.

SECTION 21. POWERS OF COUNCIL.

The Council shall have power to open and grade new streets and extend, widen, straighten, repair and grade old streets and alleys; to curb and pave streets, sidewalks and gutters for public use, and to alter, improve and light the same, and shall have control of all the avenues for public use in said Town; to have the same kept in good order and free from obstructions on or over them; to regulate and determine the width of all streets, sidewalks and public alleys; to order and direct the curbing and paving of all sidewalks and footways for public use in said town, to be done and kept in good order by the owners or occupants of the adjacent property; to control the construction and repair of all houses, bridges and culverts; the opening and construction of all ditches, drains and gutters; to widen, deepen and clear the same of stagnant water and filth and to determine at whose expense the same shall be done; to purchase, lay off and appropriate public grounds and control the use of the same; to provide, contract for and take care of all public buildings proper to the Town; to provide for the regular building of houses or other structures; to cause the removal of unsafe walls or buildings; to prevent injury or annoyance to the public or individuals from anything dangerous, offensive or unwholesome; to abate or cause to be abated anything which, in the opinion of the majority of the whole Council, shall be a nuisance; to regulate the keeping of gunpowder and other combustibles and explosives; to provide in or near the Town places for the burial of the dead, and regulate the interments in the Town, and provide ornamental trees; to provide for making division fences, and for the draining of lots by proper drains and ditches; to make regulations for guarding against danger or damages from fire;

to provide for the poor of the Town; to organize one or more fire companies, and provide the necessary apparatus, tools, implements, engines, or any of them, for their use; to provide a sufficient revenue for said Town, and appropriate the same to its expenses; to issue bonds of the corporation and make sale thereof, but no such bonds shall be sold by said corporation for less than par, nor bearing a higher rate of interest than six percent per annum; nor shall said corporation be indebted on account of such issue at any period in a greater sum than ten thousand dollars without the consent of a majority of the voters of the Town expressed at an election held for that purpose; nor shall the whole indebtedness of said Town at any time ever exceed the sum of one hundred thousand dollars; to provide for the annual assessment of taxable persons and property in the Town; to adopt rules for the transaction of business and for the government and regulation of its own body; to promote the general welfare of the Town, and to protect the persons and the property of the citizens therein; to appoint the officers authorized by Section Sixteen of this Act, fix their terms of service and compensation, require and take from them bonds, with such sureties and in such penalties as the Council may determine, conditioned for the true and faithful discharge of their duties, and remove them at pleasure; but all bonds taken by the Council shall be made payable to the Town by its corporate name; to provide for and regulate the weighing of hay, coal, wood and other articles sold or for sale in said Town, and to regulate the transportation thereof through the streets; to establish and regulate markets, or prescribe the time for holding the same, and what articles shall be sold only in said markets; to protect places of divine worship; to lay off the Town into four or more wards, prescribing the boundaries of said wards; but should any change in the boundaries of the wards be made; the new wards shall be equal in population as nearly as possible; to appoint and publish the places of holding Town elections; to erect or authorize or prohibit the erection of gas works in or near the Town; to prevent injuries to, and provide protection of the same; to provide for the purity of the water and the healthfulness of the town; for all of which purposes except that of taxation, the Council shall have jurisdiction for one mile beyond the corporate limits of said Town; to prescribe and enforce ordinances for the purpose of protecting the health, decency, morality and order of the Town and its inhabitants, and to punish violators of such ordinances, even if the offenses under and against such ordinances shall also constitute offenses under the laws of the State of West Virginia, or the common law, for which purpose also the jurisdiction of said Town shall extend for one mile beyond the corporate limits thereof.

SECTION 22. POWER TO REPAIR SIDEWALKS, ETC.

If the owner or occupant of any sidewalk, footway, gutter or pavement in said Town, or of the real property next adjacent thereto, shall fail or refuse to curb, pave or keep the same clean, in the manner and 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 said Town and to assess the amount of such expense upon such owner or occupant, and the same may be collected by the Town sergeant in the manner herein provided for the collection of Town taxes.

SECTION 23. GENERAL POWERS.

To carry into effect these enumerated powers, and all other powers conferred upon the said Town, or its Council, expressly or by implication, by this or any future act of the legislature of this State, the Council shall have power to make, pass and enforce all needful orders, bylaws, ordinances, resolutions, rules and regulations, not contrary to the Constitution and laws of this State; and to prescribe and impose reasonable fines, penalties, and imprisonment in the County jail for a term not exceeding thirty days, for violations thereof. Such fines, penalties and imprisonment shall be recovered and enforced under the judgment of the Mayor of said Town, or the person lawfully exercising the functions of Mayor. And the authorities of said Town may, with the consent of the County Court of Jefferson County, entered of record, use the jail of said County for any purposes for which the use of a jail may be needed by them, under the acts of the Council or of the State.

SECTION 24. ANNUAL ESTIMATE.

The Council shall cause to be made up annually and entered upon its journal an accurate estimate of all sums which are or may become lawfully chargeable on said Town, and which ought to be paid within one year, and it shall order a Town levy of so much, in its opinion, as may be necessary to pay the same; provided, however, that the tax rate shall not exceed thirty-five cents on the one hundred dollars, except where it appears to the satisfaction of the Council that a levy of thirty-five cents on each one hundred dollars will not produce sufficient revenue in any one year to pay current expenses, the interest on the bonded indebtedness of the Town, and provide for a sinking fund sufficient to liquidate such bonded indebtedness within the time prescribed by law; and in such case, the Council may, by a vote of a majority of all members elected to the Council, increase such tax rate to such a rate, not exceeding fifty cents on the one hundred dollars, as may be necessary for the purpose aforesaid. All vacant property embraced in the proposed boundaries of the said Town, beyond the old limits of the Town, shall be subject only to such taxation for the benefit of said Town, as is levied upon other property for county and district purposes, and until the said vacant property shall be divided into lots for building purposes, and offered for sale as such, and until the streets of the said Town shall be opened for the use and accommodation of the same.

SECTION 25. ANNUAL LEVY.

The levy so ordered shall be upon all male persons resident of said Town over the age of twenty-one years, dogs, and all real and personal estate within the said Town, subject to State or County taxes; provided, that the tax so levied upon persons does not exceed two dollars per head.

SECTION 26. LICENSES.

Whenever anything for which a State license is required is to be done within the said Town, the Council may require a Town license therefor, and may impose a tax thereon for the use of the Town. The Council may require from the persons so licensed a bond with sureties, payable to the Town, in such penalties and with such conditions as it may think proper, and may revoke such license at any time, after due notice and a hearing thereon, if the conditions of said bond be broken.

SECTION 27. ASSESSOR.

It shall be the duty of the Assessor to make an assessment of the persons, dogs, and property within said Town subject to taxation, substantially in the manner and form in which such assessments are made by the Assessor of the County, and to return the same to the Council on or before the first day of July in each year; and for this purpose he shall have all the powers conferred by law upon the County Assessor. He shall receive a compensation for his services to be fixed by the Council, which shall not be increased or diminished during his continuance in office.

SECTION 28. SERGEANT.

The Sergeant shall have power to collect the Town taxes, fines, and levies, and shall have power one month after he receives the books of the Assessor of said Town, to distrain and sell therefor, in like manner as the Sheriff may distrain and sell for State taxes, and shall in all other respects have the same powers as a Sheriff to enforce the payment and collection thereof; and the said Sergeant shall have power, within the corporate limits, to exercise all the duties of a constable as a conservator of the peace, and he shall be entitled to the same compensation therefor. Upon the conviction of any person arrested by him, for the violation of any of the ordinances of the Town, he shall be entitled to one dollar for such arrest, to be taxed in the costs against the person so convicted, and he and his sureties shall be liable to all fines, penalties and forfeitures that a constable is legally liable to, for any failure or dereliction in his said office, to be recovered in the same manner and before the same courts that said fines, penalties and forfeitures are now recoverable against constables.

SECTION 29. LIEN ON REAL ESTATE FOR TAXES.

There shall be a lien upon real estate within said corporation for the Town taxes assessed thereon, from the commencement of the year in which they are assessed, and for all other assessments, fines and penalties assessed or imposed upon the owners thereof by the authorities of the Town, from the time the same are so assessed or imposed; which liens shall be enforced by the Council in the same manner as the lien for taxes for county purposes is now enforced or by suit in equity in the circuit court of Jefferson County. The lien aforesaid shall have priority over all other liens, except that for taxes due the State.

SECTION 30. PROHIBITION OF SHOWS.

The Council may prohibit any theatrical or other performance, show or exhibition which it may deem injurious to the morals or good order of the Town.

SECTION 31. BONDS OF SERGEANT AND TREASURER.

The Council shall have the power to require and take from the sergeant and treasurer bonds, with sureties satisfactory to the Council, in such penalty as it may deem sufficient, except that as to the sergeant it shall not be for a penalty less than two thousand five hundred dollars; and said bond shall be conditioned for the true and faithful performance of his duties as sergeant, and for the collecting and accounting for and payment of the taxes, fines and other moneys of the Town which shall come into his hands, or which it shall be his duty to collect, at such times and to such persons as the Council may order.

The Treasurer's bond shall be conditioned for the true and faithful performance of his duties as Treasurer, and that he will faithfully pay over and account for all moneys that shall come into his hands as Treasurer, when and as he shall be thereto required by the Council.

SECTION 32. MAYOR; POWERS, DUTIES, ETC.

The Mayor shall be the chief executive officer of the Town, and shall take care that all bylaws, ordinances and orders of the Council are faithfully executed. He shall be ex officio a conservator and justice of the peace within said Town, and shall, within the same, exercise all the powers and duties vested in justices, except that he shall have no jurisdiction as such in civil cases. He shall have control of the police of the Town, and may appoint special police officers whenever he deems it necessary; and it shall be his duty especially to see that the peace and good order of said Town are preserved, and that the persons and property therein are protected; and to this end he may cause the arrest and detention of all riotous and disorderly persons in said Town before issuing his warrant therefor. He shall have power to issue executions for all fines, penalties and costs imposed by him, or he may require the immediate payment thereof, and in default of such payment he may commit the party in default to the jail of Jefferson County until the fine or penalty and costs shall be paid, to be employed during the term of his imprisonment as hereinafter provided; but the term of imprisonment in such case shall not exceed thirty days. He shall, from time to time, recommend to the Council such measures as he may deem needful to the welfare of the Town. He may receive a compensation for his services, to be fixed by the Council, which shall not be increased nor diminished during the term for which he was elected.

SECTION 33. CLERK; HIS DUTIES AND COMPENSATION.

It shall be the duty of the Clerk to keep the journal of the proceedings of the Council, and to have charge of and preserve the records, papers, documents, contracts, etc., of the Town. He shall attend the Mayor in all his examinations, issue his orders, swear witnesses, and perform all the duties of a Clerk in the Council and Mayor's Court. He shall receive such compensation for his services as may be fixed by the Council, which shall not be increased nor diminished during his term of office.

SECTION 34. SERGEANT; HIS DUTIES, LIABILITIES AND COMPENSATION.

It shall be the duty of the Town Sergeant to collect the taxes, fines and other income and revenue of the Town, as specified in his bond, and to account for and pay the same to the Treasurer at such times as the Council may order. And it shall be his duty, at least once in every three months, and oftener if required by the Council, to render an account of the taxes, fines and other claims in his hands for collection, and return a list of such as he shall have been unable to collect by reason of insolvency, to which list he shall make an oath that he has used due diligence to collect the same, but has been unable to do so. The Council shall, if it be satisfied that he could not have collected the same by the use of due diligence, allow them. But if the Council shall be of opinion that by the use of due diligence on the part of said Sergeant he could have collected the same, or any part thereof, then he shall be

charged with such as he might have collected. The said Sergeant shall do and perform all other acts pertaining to the office of Sergeant of a corporation, and of a police officer within said Town, and as such shall have the same powers, duties, fees and liabilities as are by law prescribed for a constable when acting as such. He shall for his services receive such compensation as shall be fixed by the Council.

SECTION 35. TREASURER.

All moneys belonging to said Town shall be paid over to the Treasurer, none of which shall be paid out by him except as the same have been apportioned and ordered to be paid by the Council; and the said Treasurer shall pay the same upon the certificate of the Mayor.

SECTION 36. MOTION AGAINST TREASURER.

If the Treasurer shall fail to account for and pay over all or any moneys that shall come into his hands, when thereto required by the Council, it shall be lawful for the Council, in the corporate name of the town, by motion before the circuit court of Jefferson County, or any court having jurisdiction, after ten days' previous notice, to recover from the treasurer and his sureties, or their personal representative, any sum that may be due from said treasurer to said town.

SECTION 37. MOTION AGAINST SERGEANT.

If the Sergeant shall fail to collect, account for and pay over all the taxes, fines and other revenue of the Town in his hands for collection, according to the conditions of his bond, it shall be lawful for the Council to recover the same by motion, in the corporate name of the Town, in the same manner and before the same courts as provided against the Treasurer in Section Thirty-Six of this Act.

SECTION 38. COMMISSIONER OF STREETS.

It shall be the duty of the Commissioner of Streets to superintend the opening, construction and repair of the roads, streets and alleys, sidewalks, crosswalks, footways, drains, and gutters within the said Town, and to put and keep the same in good repair, and to carry into execution all the resolutions, orders and ordinances of the Council in relation thereto.

SECTION 39. EXEMPTION FROM ROAD AND POOR TAX.

The said Town, and the taxable persons and property therein, shall be exempt and free from the payment of any poor taxes or ordinary road tax, and from contributing to any county expenses for the poor and the ordinary roads and bridges of said County, outside of the corporate limits of the said Town, for any year in which said Town shall, at its own expense, provide for its own poor and keep its streets and bridges in order.

SECTION 40. HITCHING YARD.

The Municipal authorities of the Town shall have power to provide, maintain and operate a hitching yard for the use of the public, and to this end may acquire by purchase, condemnation or otherwise, a sufficient amount of real estate, either within or without the corporate limits. It is authorized to make reasonable rules and regulations for the use of the same, including the rights to make reasonable charges against persons using and occupying it; to erect suitable buildings and sheds thereon; to keep the same clean; to provide a watchman or caretaker, and to prescribe his powers, duties and compensation, taking from him such bond as may be thought proper. The County Court of Jefferson County is hereby authorized to appropriate such sums annually as it may think proper for the purpose of maintaining in connection with the authorities of the Town of Charles Town such hitching yard. Should said County Court make such appropriation, rules and regulations respecting the use thereof shall be prescribed by a joint committee of the County Court of Jefferson County and the Council of the corporation of Charles Town. The amount of the appropriation by the County Court in each year shall not be less than one hundred nor more than five hundred dollars.

SECTION 41. FORMER TOLL ROADS WITHIN THE CORPORATE LIMITS.

Nothing contained in this Act shall be deemed to place upon the corporation of Charles Town the duty of maintaining and keeping in good order and repair and covered with gravel such streets and roads within the corporate limits as were formerly toll roads or turnpikes, the duty to maintain which and keep in good order and repair and covered with gravel, is placed upon the County Court by the acts of the legislature of one thousand nine hundred and three, one thousand nine hundred and seven and one thousand nine hundred and nine. The County Court of Jefferson County may, however, upon the request of the Council of the corporation of Charles Town surrender its jurisdiction and control of any or all of such roads or streets within the corporate limits to the corporation of Charles Town; and in such case, the duty of maintaining such streets, and keeping them in good order and repaired and covered with gravel, shall be placed upon the corporation of Charles Town; and in such case the county court of Jefferson County shall pay to the corporation of Charles Town annually such amounts as may be expended by it in maintenance of such roads and streets; or the said County Court of Jefferson County may, at its option, pay to the corporation of Charles Town such lump sum as may be agreed upon between them, in consideration of the corporation of Charles Town assuming jurisdiction of such roads and streets, and becoming liable for their upkeep, maintenance and repair, as aforesaid.

SECTION 42. OTHER PROVISIONS OF LAW APPLICABLE.

The corporation of Charles Town, except as is herein otherwise provided, shall have all the powers, rights and privileges, and be entitled to all the benefits now conferred on municipal corporations by West Virginia Code 8-11-1 et seq. or which may hereafter be granted to municipal corporations by general law.

SECTION 43. RIGHTS RESERVED.

All rights, privileges and properties of the said Town, heretofore acquired and possessed, owned and enjoyed by said Town under any act now in force, shall continue undiminished and remain vested in said Town under this Act; and all laws, ordinances and resolutions of the council now in force and not inconsistent with this Act shall be and continue in full force and effect until regularly repealed by a Council elected as provided under this Act.

SECTION 44. DUTIES OF THE COUNCIL.

The Council shall adopt all needful and just ward regulations, whether general or special, for the good of the citizens thereof. It shall authorize street expenditures in the several wards as equity and justice shall demand; and may authorize the collection of a special tax in any ward of the Town, for a specified purpose within such ward, when requested to do so by a majority of the voters thereof. Whenever in the opinion of the Council it becomes necessary to lay off said Town into more than four wards, the said Council shall lay it off.

SECTION 45. PRISONERS; HOW EMPLOYED.

The Council shall provide for the employment and safekeeping of persons who may be committed for default in payment of fines, penalties, or costs under this Act, and who are otherwise unable to discharge the same, by putting them to work for the benefit of the Town; shall keep on hand an ample supply of necessary material for the same, and shall provide all necessary tools, implements, fixtures, and facilities for the immediate employment of any and all of such persons; shall fix a reasonable rate per diem as wages to be allowed every person, until such fine and costs against him are discharged; and the clerk shall keep an account of all fines and penalties so collected and expended.

SECTION 46. OPENING STREETS.

The Council of said corporation shall be entitled to all the benefits of West Virginia Code 54-1-1 to 54-2-20 for the condemnation of land for streets, alleys and public buildings in said corporation, and the Commissioners appointed under said chapter shall in cases of opening streets or alleys or in widening the same, not only assess what is a just compensation as provided in said chapter, but they shall also assess the damages and benefits to all lot owners or property holders having lots or land adjacent to and abutting on said street or alley, whose lot or land may be benefited or injured by the opening of such street or alley or by the widening of any such street or alley, and shall make report as provided in said chapter, but lot owners and property holders shall be named in the application and served with notice as required by said chapter, and the duties of such Commissioners and their oaths shall cover the duties herein imposed. All assessments for benefits under this Act shall be a lien on the property against which the same are assessed, and may be enforced in a court of equity. But either party to such assessment of damages or benefits shall have the right to call for a jury as provided in said chapter.

| | | | | | |
|-------------------|----------------|---------|----------------------|------------|---|
| Post-it® Fax Note | 7671 | Date | 5/9/98 | # of pages | 1 |
| To | Vince Collins | From | Jane Arnett | | |
| Co./Dept. | | Co. | City of Charles Town | | |
| Phone # | | Phone # | | | |
| Fax # | 701 / 311 5167 | Fax # | | | |

AMENDMENT TO THE CHARTER OF THE
CITY OF CHARLES TOWN, WEST VIRGINIA
WITH REGARD TO SECTION 8. TERMS OF OFFICE

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Section 8, TERMS OF OFFICE of the Charter of the city of Charles Town be AMENDED pursuant to West Virginia Code 8-4-8, as follows:

SECTION 8. TERMS OF OFFICE.

Their term of office shall be (except when to fill vacancies) for four years, and until their successors elected and qualified, as herein provided; except that the election to be held the fourth Thursday in May, nineteen hundred ninety nine, there shall be one Councilperson from the first, second, third and fourth wards, their terms of office shall be for four years.

Bi-annually thereafter, on the fourth Thursday of May, there shall be elected one Councilperson from each ward, to be voted for throughout the town as hereinbefore provided. The Mayor shall be elected on the fourth Thursday in May, 2001 and every four years thereafter on such Thursday. the Mayor and members of Council elected in May, 1998 shall continue in office until their successors are elected in May, 2001.

BE IT ORDAINED that this Charter Amendment shall take effect and be in full force as provided by West Virginia Code 8-4-8.

CITY OF CHARLES TOWN

By: J. Randolph Hilton
Mayor J. Randolph Hilton

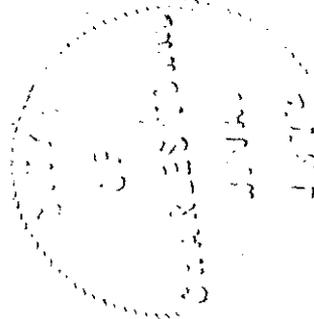
Attest:

Brenda S. Hamilton

Clerk

Date of Public Hearing: September 8, 1998

Enacted/Passed: September 21, 1998



State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Violet Lowery, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Violet Lowery, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember - Ward I for the City of Charles Town to the best of my skill and judgement, and according to law, So help me God.

Violet M. Lowery

the above oath was taken and subscribed to before me the Circuit Judge of Jefferson County this 1st day of June, 1998.

David L. Anderson

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Timothy Robinson, do solemnly swear that I will support
the Constitution of the United States and the Constitution of the State of West Virginia.

I, Timothy Robinson, do solemnly swear that I will faithfully
discharge and perform the duties of the office of Councilmember - Ward II
for the City of Charles Town to the best of my skill and judgement, and
according to law, So help me God.

Timothy W. Robinson

the above oath was taken and subscribed to before me the Circuit Judge of Jefferson
County this 1 day of June, 1998

[Signature] and [Signature]

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Geraldine Willingham, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Geraldine Willingham, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember - Ward IV for the City of Charles Town to the best of my skill and judgement, and according to law, So help me God.

Geraldine Willingham

The above oath was taken and subscribed to before me the Circuit Judge of Jefferson County, this 1 day of June, 1998.

David L. Anderson
Geraldine Willingham

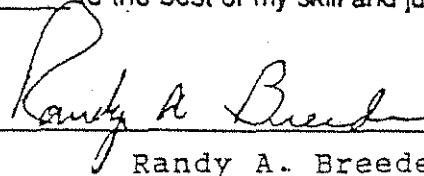
State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Randy A. Breeden, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

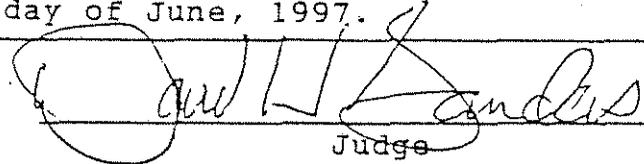
I, Randy A. Breeden, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward I

_____ to the best of my skill and judgement, and according to law, So help me God.



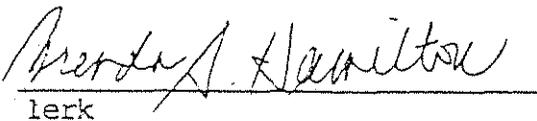
Randy A. Breeden

The above oath was taken and subscribed to before the Judge of the Circuit Court of Jefferson County, this 2nd day of June, 1997.



Judge

A TRUE COPY
ATTEST:


lerk

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, John A. Ward, do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, John A. Ward, do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward II to the best of my skill and judgement, and according to law, So help me God.

John A. Ward
John A. Ward

the above oath was taken and subscribed this 7th day of June, 1999 before the Judge of the Circuit Court of Jefferson County, WV

[Signature]
Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, Russell C. Miller, Jr., do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, Russell C. Miller, Jr., do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward III for the
vacancy of office for a term of 2 yrs. to the best of my skill and judgement, and according to law, So help me God.

Russell C. Miller Jr
Russell C. Miller, Jr.

the above oath was taken and subscribed this 7th day of June, 1999 before the Judge
of the Circuit Court of Jefferson County, WV

David L. Sanders

Judge

State of West Virginia,

COUNTY OF JEFFERSON, SCT.

I, William F. Jordan, Jr., do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia.

I, William F. Jordan, Jr., do solemnly swear that I will faithfully discharge and perform the duties of the office of Councilmember Ward IV

_____ to the best of my skill and judgement, and according to law, So help me God.

William F. Jordan

William F. Jordan, Jr.

the above oath was taken and subscribed this 7th day of June 1999 before the Judge _____ of the Circuit Court of Jefferson County, WV

David H. Sanders
Judge

NOV 01 1999

Special Studies Section

P.S.C. W. Va. No. 8
Canceling P.S.C. W. Va. No. 7

CITY OF CHARLES TOWN, a municipal utility
OF
CHARLES TOWN, WEST VIRGINIA
RATES, RULES AND REGULATIONS FOR FURNISHING
SEWERAGE AND SEWAGE DISPOSAL SERVICE
at Charles Town, Jefferson County, West Virginia
Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

Issued October 19, 1999

Effective October 22, 1999
or as otherwise provided herein

Passed by City Council

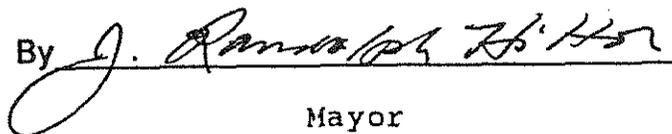
RECEIVED

OCT 29 1999

Public Service Commission of WV
Utilities Division
Special Studies Section

Issued by CITY OF CHARLES TOWN, a public utility

By



Mayor

Title

RULES AND REGULATIONS

- I. **Rules and Regulations for the Government of Sewerage Utilities** adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

- II. **MULTIPLE OCCUPANCY**
In apartment buildings, shopping centers or other multiple occupancy buildings, each unit shall be required to pay not less than the minimum monthly charge provided above.

RATES

AVAILABILITY

Available for general domestic, commercial and industrial services in entire territory served.

(C,A)

RATE

| | | |
|----------|------------------------------|--------------------------|
| First | 2,500 gallons used per month | \$4.85 per 1,000 gallons |
| All over | 2,500 gallons used per month | 3.90 per 1,000 gallons |

(A)

FLAT RATE

Domestic, commercial and industrial \$19.93 per month, based on 4,500 gallons usage per month

MINIMUM BILL

(A)

No bill shall be rendered for less than \$12.13 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the date of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

(N)

DEFERRED PAYMEENT AGREEMENT

A sewer customer who has been notified that water service is to be terminated for non-payment of sewer bills shall be given the opportunity to enter into a deferred payment agreement: Provided, That such customer has demonstrated an ability to pay but only in installments. The customer shall be informed at the time a disconnect notice is issued of the option for a reasonable payment plan. The terms of such deferred payment agreement are available upon request.

- (C) Indicates change in text
- (A) Indicates increase
- (N) Indicates new

CONNECTION FEE

For all those applications for sewer service permits filed with Council a connection fee in an amount of four hundred dollars (\$400.00) shall be due and payable on the day the application is made. A connection fee shall be paid by the owner of each parcel of improved property that is to be connected to the sewer system and no such connection shall be made until the fee has been deposited with the City. A connection fee shall be due from each improved property regardless of whether or not connection to the sewer system is made by the owner on a voluntary or compulsory basis at the time

INSPECTION FEE

A fee of twenty dollars (\$20.00) shall be charged for inspection of hook-up to the system.

(N) RECONNECT FEE

A fee of ten dollars (\$10.00).

(N) Indicates new

CITY OF CHARLES TOWN, a municipal corporation
(Name of Utility)

OF

Charles Town, West Virginia
(Location of Office)

Rates, Rules and Regulations for Furnishing
WATER

AT

Charles Town, Ranson and vicinity, Jefferson County, WV.

Filed with THE PUBLIC SERVICE COMMISSION
OF
WEST VIRGINIA

Issued July 17, 1995
& Enacted

Effective September 1, 1995

Council.

Issued by CITY OF CHARLES TOWN
(Name of Utility)

By *Rufus Hark*

Mayor

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the day of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and only to be collected once for each bill where it is appropriate.

Domestic service shall be billed Bi-Monthly. Commercial and Industrial service shall be billed Monthly. All bills shall be payable when rendered. When any bill has remained unpaid for thirty days (30) after rendition, shall be deemed delinquent and the water service to the premises involved such delinquent charges shall be discontinued until such time as all delinquent charges plus a reconnection charge of \$10.00 are paid in full.

TAPPING FEE

A fee of \$300.00 will be charged for connecting to the system.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each \$72.00 per annum

RATES FOR PROTECTION - PRIVATE

Fire Hydrants, each \$72.00 per annum

Sprinkler Heads, each \$.20 per annum

MINIMUM CHARGE

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

| | | |
|---------------------|-------|--------------------|
| 5/8" or 5/8" x 3/4" | Meter | \$ 14.60 per month |
| 3/4" | Meter | 20.92 per month |
| 1" | Meter | 37.44 per month |
| 1-1/4" | Meter | 58.32 per month |
| 1-1/2" | Meter | 84.09 per month |
| 2" | Meter | 149.69 per month |
| 3" | Meter | 336.32 per month |
| 4" | Meter | 597.80 per month |
| 6" | Meter | 1346.24 per month |

FLAT RATE

For Domestic, Commercial or Industrial Customers -- \$14.60 per month

MINIMUM BILL

No bill shall be rendered for less than \$14.60 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the day of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Domestic service shall be billed Bi-Monthly. Commercial and Industrial service shall be billed Monthly. All bills shall be payable when rendered. When any bill has remained unpaid for thirty days (30) after rendition, the account shall be deemed delinquent and the water service to the premises involved shall be discontinued until such time as the delinquent charges plus a reconnection charge of \$10.00 are paid in full.

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A fee of \$300.00 will be charged for connecting to the system.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each \$72.00 per annum

RATES FOR PROTECTION - PRIVATE

Fire Hydrants, each \$72.00 per annum

Sprinkler Heads, each \$.20 per annum

CAPACITY IMPROVEMENT CAPITAL COST FEE

In addition to all the fees provided above, there shall be paid to the City at the time the application is made for connection of an unserved facility to the water system a capacity improvement capital cost fee of \$75.00 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be

used only for the purpose of improving the water system treatment, and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers the same amount as if those connected to the resale customer system become direct customers of the City. The residential usage equivalent other than single family residential units for the capacity improvement capital cost fee are as follows:

**RESIDENTIAL USAGE EQUIVALENTS
FOR CAPACITY IMPROVEMENT CAPITAL COST FEE**

| <u>UNIT</u> | <u>GALLONS PER DAY</u> | <u>RESIDENTIAL USAGE EQUIVALENT</u> |
|--------------------------------|-------------------------------|-------------------------------------|
| Apartments | 150/unit | 1.0/unit |
| Bowling Alleys | 200/alley | 1.33/alley |
| Churches | | |
| with kitchen | 8/member | 0.05/member |
| w/o kitchen | 2/member | 0.013/member |
| Food Service | 32/seat | 0.213/seat |
| Fast Food | 35/seat | 0.23/seat |
| Restaurant | | |
| Bar & Cocktail | | |
| Lounge (additive) | 2/patron | 0.013/patron |
| Tavern-Little or | | |
| no food | 20/seat | 0.132/per seat |
| Hotel | 120/room | 0.8/person per s |
| Industry, | | |
| sanitary | 15/person/shift | 0.1/person per s |
| Institutions | | |
| Hospital | 250/bed | 1.67/bed |
| Nursing Homes | 150/bed | 1.0/bed |
| Others | 75/person | 0.5/person |
| Office Buildings | 15/person | 0.1/person |
| Laundry Self Service | 250/washer | 1.67/washer |
| Mobile Home Park | 150/unit space | 1.0/unit space |
| Motels | 120/room | 0.8/room |
| Retail Stores | 400/toilet room | 2.67/toilet room |
| Residence | 150/residence | 1.0/residence |
| School | | |
| Day, no cafeteria/ showers | 15/pupil | 0.1/pupil |
| Day with cafeteria | 18/pupil | 0.12/pupil |
| Day with cafeteria/ showers | 20/pupil | 0.133/pupil |
| Boarding | 75/pupil | 0.5/pupil |
| Service Station | 500/set of pumps | 3.33/set of pumps |
| Shopping Centers | 16/100 ft of sales area | 0.12/100 ft of sales area |
| Swimming Pools | 10/swimmer design capacity | 0.067/swimmer design capacity |
| Theaters | | |
| Drive In | 4/car space | 0.027/car space |
| Others | 3/seat | 0.02/seat |
| Warehouse | 15/employee | 0.1/employee |

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

The rates and charges set forth shall become effective forty days after passage.

Any ordinance inconsistent with the provisions hereof, are expressly repealed to the extent of such inconsistency.

The City Clerk has caused to have published a copy of this Ordinance once each week for two successive weeks in the Spirit of Jefferson and a newspaper published in the City of Charles Town, West Virginia, and the same shall constitute notice to all persons concerned that the Bill stated has been introduced at a meeting of the City Council on June 15, 1995, and that the City Council contemplates the amendment of the Schedule of Rates and Charges as set forth in said Bill as the just and equitable rates and charges for use of and the service rendered by the water system and works of the City of Charles Town, West Virginia and that any person interested in the same appear before Council on the 17th of July, 1995, at 7:30 PM, in the Council Chamber, City of Charles Town and present to the Council any protest or objection he may have to the rates or charges proposed in such Bill. The first day of the successive publication aforesaid shall be at least ten days prior to the date set for the hearing of protests.

A copy of the proposed Ordinance is available for public inspection in the Office of the City Clerk.

Second reading July 17, 1995. Moved by Councilman Mills, seconded by Councilwoman [unclear] and unanimously voted and adopted effective immediately.


CITY CLERK

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. MULTIPLE OCCUPANCY

In apartment buildings, shopping centers or other multiple occupancy buildings, each unit shall be required to pay not less than the minimum monthly charge provided above.

RATES

Applicable in Entire Territory Served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

(C)(0) METER RATE

| | | |
|----------|-------------------------------|--------------------------|
| First | 10,000 gallons used per month | \$5.84 per 1,000 gallons |
| Next | 30,000 gallons used per month | 4.88 per 1,000 gallons |
| all over | 40,000 gallons used per month | 3.92 per 1,000 gallons |

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

| | | |
|---------------------|-------|--------------------|
| 5/8" or 5/8" x 3/4" | Meter | \$ 14.60 per month |
| 3/4" | Meter | 20.92 per month |
| 1" | Meter | 37.44 per month |
| 1-1/4" | Meter | 58.32 per month |
| 1-1/2" | Meter | 84.09 per month |
| 2" | Meter | 149.69 per month |
| 3" | Meter | 336.32 per month |
| 4" | Meter | 597.80 per month |
| 6" | Meter | 1346.24 per month |

FLAT RATE

For Domestic, Commercial or Industrial Customers -- \$14.60 per month

MINIMUM BILL

No bill shall be rendered for less than \$14.60 per month.

(C) Indicates change

(0) Indicates Omission in steps



September 7, 1999

The Common Council of the City of Charles Town, Jefferson County, West Virginia, met in regular session pursuant to the rules of said Common Council in the councilroom in said city on Tuesday, September 7, 1999 at 7:30 p.m. due to the Labor Day holiday on Monday, September 6, 1999. The following members of council were present: Randy Breeden, William Jordan, Violet Lowery, Russell Miller, John Ward and Matt Ward. Mayor Pro-tem Geraldine Willingham presided in the absence of the Mayor and Brenda S. Hamilton, Clerk took the minutes of the meeting. Also present were Jane Arnett, City Manager and Chief W. Michael Aldridge.

It was moved by Councilman John Ward, seconded by Councilman Miller and unanimously voted to dispense with the reading of the minutes dated August 16, 1999. It was moved by Councilman John Ward, seconded by Councilwoman Violet Lowery and unanimously voted to approve said minutes as received.

Mayor Pro-tem Willingham read by title and opened the floor for comments regarding the second reading and public hearing of the proposed amendment, "AMENDMENT TO THE CODIFIED CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO CHAPTER THREE, UTILITIES ARTICLE NO. 921, SEWERS". It is noted that no one from the public commented. Upon discussion, it was moved by Councilman Breeden, seconded by Councilman John Ward and unanimously voted to approve and adopt said ordinance effective immediately and as follows:

AMENDMENT TO THE CODIFIED CODES OF
THE CITY OF CHARLES TOWN, WEST VIRGINIA
WITH REGARD TO CHAPTER THREE, UTILITIES
ARTICLE NO. 921, SEWERS

BE IT ORDAINED by the City Council of the City of Charles Town as follows:

That Section 921.18, Sewer Service Rates be REVISED as follows:

(a) Establishment. For the payment of the proper and reasonable expense of operation, repair, replacement,

improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

(b) Rules and Regulations. Rules and Regulations for the government of sewerage utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by the Commission are hereby adopted by reference.

**ESTABLISHMENT OF A SCHEDULE OF JUST AND
EQUITABLE RATES OR CHARGES FOR SEWER SERVICE:
USE OF WATER METERS: PROVISION FOR FLAT RATE**

For the payment of the proper and reasonable expense of operation, repair, replacement, improvements, additions, betterments, extensions, and maintenance of the sewer system and for the payment of the sums required to pay the principal and interest of all sewer revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the Municipal sewer system and works of the City of Charles Town, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities adopted by the Public Service Commission of Weest Virginia, and now in effect, and all amendments thereto and modifications thereafter made by the Commission are hereby adopted by reference.

MULTIPLE OCCUPANCY

II. In apartment buildings, shopping centers or other multiple occupancy buildings, each unit shall be required to pay not less than the minimum monthly charge provided above.

RATES

AVAILABILITY

Available for general domestic, commercial and industrial services in entire territory served.

RATE

| | | |
|-------|------------------------------|--------------------------|
| First | 2,500 gallons used per month | \$4.85 per 1,000 gallons |
| Next | All over 2,500 gallons used | |
| | per month | \$3.90 per 1,000 gallons |

FLAT RATE Domestic, commercial and industrial - \$19.93 per month, based on 4,500 gallons usage per month.

MINIMUM BILL

No bill shall be rendered for less than \$12.13 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the date of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

DEFERRED PAYMENT AGREEMENT

A sewer customer who has been notified that water service is to be terminated for non-payment of sewer bills shall be given the opportunity to enter into a deferred payment agreement: Provided, That such customer has demonstrated an ability to pay but only in installments. The customer shall be informed at the time a disconnect notice is issued of the option for a reasonable payment plan. The terms of such deferred payment agreement are available upon request.

CONNECTION FEE

For all those applications for sewer service permits filed with Council a connection fee in an amount of four hundred dollars (\$400.00) shall be due and payable on the day the application is made. A connection fee shall be paid by the owner of each parcel

of improved property that is to be connected to the sewer system and no such connection shall be made until the fee has been deposited with the City. A connection fee shall be due from each improved property regardless of whether or not connection to the sewer system is made by the owner on a voluntary or compulsory basis as the time.

INSPECTION FEE

A fee of twenty dollars (\$20.00) shall be charged for inspection of hook-up to the system.

RECONNECT FEE

A fee of ten dollars (\$10.00).

The rates and charges set forth above become effective forty-five (45) days after passage.

Any ordinance inconsistent with the provisions hereof are hereby expressly repealed to the extend of such inconsistency.

✓ **BE IT ORDAINED** that this Ordinance shall take effect and be in full force from and after the date of passage thereof, as indicated below.

CITY OF CHARLES TOWN
/s/ J. Randolph Hilton, Mayor
/s/ Geraldine Willingham
Mayor Pro-tem

Attest:

/s/ Brenda S. Hamilton
Clerk

Date of First Reading: August 2, 1999
Passed: September 7, 1999

Mayor Pro-tem Willingham read by title and opened for discussion "Resolution 99-12". Mrs. Arnett informed that this Resolution was drafted for the lease purchase of a new police cruiser at the cost of \$6,700.00 per year and that said expenditure was added to the FY 2000 budget. Chief Aldridge added that the lease would be for a period of four (4) years at a rate of 4.5% which includes new equipment. He suggested to Council going back to a black and white cruise with the city seal. He distributed a proposed sketch of the car. He informed Council that the painting of the new car was included in the lease price. He also proposed to Council to proceed with the painting of three (3) cruisers to black/white, upon which he

stipulated that he would find the funding in his budget to pay for the job. Upon further discussion, it was moved by Councilman Matt Ward, seconded by Councilman John Ward and unanimously voted to approve and adopt said Resolution 99-12 effective immediately and as follows:

RESOLUTION 99-12

RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A MASTER EQUIPMENT LEASE/PURCHASE AGREEMENT, AND RELATED INSTRUMENTS, AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH.

WHEREAS, the governing body of the City of Charles Town ("Lessee") has determined that a true and very real need exists for the equipment (the "Equipment") described in the Master Equipment Lease/Purchase Agreement (the "Agreement") presented to this meeting; and

WHEREAS, Lessee has taken the necessary steps, including those relating to any applicable legal bidding requirement, to arrange for the acquisition of the Equipment, and

WHEREAS, Lessee proposes to enter into the Agreement substantially in the form presented in this meeting:

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF LESSEE AS FOLLOWS:

Section 1. BEST INTERESTS OF LESSEE. It is hereby found and determined that the terms of the Agreement in the form presented to this meeting and incorporated in this resolution are in the best interests of Lessee for the acquisition of the Equipment.

Section 2. AUTHORIZATION. The Agreement is hereby approved. The proper officer of Lessee who shall have power to execute contracts on behalf of Lessee be authorized to execute, acknowledge and deliver the Agreement with any changes, insertions and omissions therein as may be approved by the officer who execute the Agreement, such approval to be conclusively evidenced by such execution and delivery of the Agreement. The officer of the Lessee shall have power to do so and is hereby authorized to affix the official seal of Lessee to

the Agreement and attest the same.

Section 3. EXECUTION OF DOCUMENTS. The proper officer of Lessee is authorized and directed to execute and deliver any and all papers, instruments, opinions, certificate, affidavits and other documents and to do or cause to be done any and all other acts and things necessary or proper for carrying out this resolution and the Agreement.

Section 4. DESIGNATION AS QUALIFIED TAX-EXEMPT OBLIGATION. Lessee hereby designates the Agreement as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

Section 5. EFFECTIVE DATE. This Resolution shall take effect immediately.

The undersigned certifies that the above resolution has not been repealed or amended and remains in full force and effect, and further certifies that the above and foregoing Agreement is the same as present at said meeting of the governing body of Lessee.

Adopted this 7th day of August, 1999.

CITY OF CHARLES TOWN

/s/ J. Randolph Hilton, Mayor
/s/ Geraldine Willingham
Mayor Pro-tem

Seal:

Attest:
/s/ Brenda S. Hamilton
Clerk

Passed: September 7, 1999

Upon further discussion, it was moved by Councilman Matt Ward, seconded by Councilman Jordan and unanimously voted to approve the recommendation of the Chief of Police to paint three (3) cruisers as stipulated with the approved seal and that financing of this project be funded within the Charles Town Police Department budget.

Mayor Pro-tem Willingham read by title and opened for discussion "Resolution 99-13". Councilman Matt Ward gave a brief update from the Planning Commission. He recommended the following amendments to said Resolution 99-13 to be added at the

end of the Resolution as follows: 1. LET IT FURTHER BE RESOLVED, that the City of Charles Town can comply with all applicable laws and regulations that pertain to any grants awarded under the Small Cities Block Grant Program for the Fisherman's Hall project. 2. LET IT FURTHER BE RESOLVED, that the City of Charles Town authorizes the Mayor and City Manager to act on behalf of the city in connection with any grant awarded under the Small Cities Block Grant Program for the Fisherman's Hall contract. Upon further discussion, it was moved by Councilman Matt Ward, seconded by John Ward and unanimously voted to accept and approve said amendments as stipulated to comply with state regulations. It was further moved by Councilman Matt Ward, seconded by Councilwoman Lowery and unanimously voted to table Resolution 99-13 until Monday, September 13, 1999 to be further discussed following the scheduled public hearing on said date at 7:30 p.m.

Mayor Pro-tem Willingham informed that she had received a Special Activity Permit from George Rutherford to conduct a "Block Party" on September 11, 1999 from 7:00-10:00 p.m. on South Lawrence Street in front of the Star Lodge building. Upon discussion and upon the recommendation of the Chief of Police, it was moved by Councilwoman Lowery, seconded by Councilman Matt Ward and unanimously voted to approve said request.

Mayor Pro-tem Willingham informed that she had received a Special Activity Permit from Mary T. Doakes of the Shenandoah Women's Center to conduct a "Candlelight Vigil for Domestic Violence Awareness Month" in front of the courthouse on October 1, 1999 beginning at 7:00 p.m. Upon discussion and upon the recommendation of the Chief of Police, it was moved by Councilman Matt Ward, seconded by Councilman John Ward and unanimously voted to approve said request.

Mayor Pro-tem Willingham informed that she was in receipt of a request from the United Way of Jefferson County requesting permission to display a banner in front of City Hall announcing its Annual Day of Caring to officially kick-off the United Way Campaign beginning September 14, 1999. Upon discussion, it was

moved by Councilman John Ward, seconded by Councilman Jordan and unanimously voted to approve the displaying of said banner beginning September 9, 1999 thru September 14, 1999.

Councilman Miller informed that he had received complaints regarding rats at 417 E. Congress Street. Mayor Pro-tem Willingham informed she had also received complaints regarding the rats, drug activity and appearance of the residence. Upon discussion, Mrs. Arnett informed that she would request that the Building Inspector deliver a five (5) days notice and if the matter was not resolved, that the Building Inspector would request a nuisance hearing be scheduled.

Chief Aldridge informed Council of the details of the recent drug bust activity which involved the agents from the DEA. He stated that the program began on May 1st and ran three (3) to four (4) months and ended with eighteen (18) federal indictments. It is noted that Chief Aldridge discussed and distributed copies of a Police Activity Report for the periods FY 97-98 and FY 98-99 to Council.

Mayor Pro-tem informed that she had received a letter dated September 7, 1999 from David T. Wilt tendering his resignation as a part-time officer with the Charles Town Police Department.

COMMITTEE REPORTS

STREET COMMITTEE: Councilman Breeden informed that the Street Committee had met and makes the following recommendations:

1. That the Street Committee had requested earlier of Chester Engineers to research some problems with the repaving project; namely, Brooke and Morrison Streets. A copy of Option A was distributed to all members of Council for reviewal. Councilman Breeden informed that the striking lines reflect there will not be any repaving there, that the street will be 24' wide and stop sign installed to the right at the end of the road. He also noted that the dots on the drawing to the right is where poles will be installed to protect the stop sign. He stated that the Street Committee agreed to approve Option A as designated to correct the problems at Brooke and Morrison Streets;
2. That the Street Committee had discussed the complaint

received from Ms. Biller regarding parking problems on East Liberty Street. He informed that the Street Committee recommends the installation of a large "Dead End sign" yellow with reflective lettering at the corner of Court Street;

3. That the Street Committee recommends that a white dash line be painted on Congress Street until 20' before George and 20' after George Street at which it will be a solid yellow line from there;

4. That regarding the penalty procedure for violators of the sidewalk ordinance, the Street Committee recommends for the city to repair the violator's sidewalks and file the necessary liens, and then amend the Ordinance for future violations;

5. The Street Committee recommends the repair of the city sidewalk between Liberty Street Carry-out and the City of Charles Town Police Station. The Building Commission will incur \$2,000.00 of the debt and the City \$1,000.00 for their section based on the lowest bid received.

Upon discussion, it was moved by Councilman Breeden, seconded by Councilman John Ward and unanimously voted to accept and approve the recommendations of the Street Committee as stipulated.

PLANNING COMMISSION: Councilman Matt Ward informed that the kick-off of the Washington Street Revitalization Project (Sidewalk and Improvements Project) was held on Thursday on the Post Office steps. He stated that the project was launched with checks totalling \$165,000.00 to hire a designer/architect and the remainder to be used for the undergrounding of wires on the east side of George Street between Congress and Liberty. He informed that Mrs. Arnett would deliver a copy of the schedule for evaluation, interviewing and hiring of a design firm and other scheduled meetings and hearings.

Mayor Pro-tem Willingham opened for discussion the prior request of the Building Commission to obtain a loan from the city to purchase the air conditioning system for the Police Department. She informed that she obtained a copy of the financial accounts of the Building Commission dated 8/31/99 and

found that the Building Commission had the funds to purchase the system without a loan from the city. Copies of the accounts were distributed to all members of council for reviewal. She requested that Mrs. Arnett explain why the loan was requested when the funds were in the Building Commission account. Mrs. Arnett informed that if the Council so desired, she would schedule the members of the Building Commission to come before council to explain their reasoning for requesting the loan.

It was moved by Councilman John Ward, seconded by Councilman Jordan and unanimously voted to approve all bills as presented.

It was moved by Councilman Jordan, seconded by Councilman John Ward and unanimously voted to accept the letter to rescind acceptance of the position of Accountant IV from Brenda Hamilton.

At 9:45 p.m., it was moved by Councilman Matt Ward, seconded by Councilman John Ward and unanimously voted to adjourn.

MAYOR PRO-TEM:

Bernadine Williams

Dated: 9-13-99

CLERK:

Brenda S. Hamilton

Dated: 9-13-99

July 17, 1995

The Common Council of the City of Charles Town, Jefferson County, West Virginia, met in regular session, pursuant to the rules of said Common Council, in the Council Room in said City on Monday, July 17, 1995 at 7:30 p.m. The following members of Council were present: J. Randolph Hilton, Danny Mills, Mary Via, Elizabeth Ann Wall and Geraldine Willingham. It is noted that Tim O'Donnell joined the meeting at 8:00 p.m. and Timothy Robinson joined the meeting at 8:42 p.m. Mayor Rufus W. Park presided and Brenda S. Hamilton took the minutes of the meeting. Also present were City Manager, Dennis Poluga and Captain Louis Brunswick.

At 7:35 p.m. a Public Hearing was opened and conducted by Mayor Park to hear the views and receive comments on the proposed amendment change as follows: Article 4, Page 21, add Paragraph f.) Re-zone the property located at Tax Map 2, Parcel 138 known as the Grace M. Link, Estates - 219/221 N. Mildred Street, Charles Town, West Virginia from Residential Multi-Family Use to Office Residential Use. Mayor Park opened the floor to hear comments from the public. Joyce Rhyne informed Council that she did not object to the rezoning, but did object to the displaying of furniture on the sidewalk as well as actually stripping furniture on the sidewalk in front of the building. Mr. Poluga stated that he had informed the owner by letter not to conduct any business on said premises until the special exception was approved by the Board of Zoning Appeals, due to it presently being zoned as a residential multi-family use. Louise Moler requested a explanation of the process for filing a special exception and questioned why a business was being conducted before the hearing before the Zoning Board of Appeals. Mr. Poluga explained in detail the procedure. Laurie Carnrick stated to Council that she was a new resident and business owner in town and stated that even though she may have the same concerns, that Council should temper their judgement because the town needs economic development and that Council should balance the rights of residents as well as businesses. No further comments were

received from the public or by Council. The hearing was closed.

Upon motion by Councilwoman Willingham and seconded by Councilman Hilton, the minutes of the meeting held on June 19, 1995 were unanimously approved as corrected.

Jeremy Becker-Welts, Chairman of the Zoning Board of Appeals appeared before Council to request that Council appoint a Zoning Administrator. He expressed his concerns as well as the entire Board of Zoning Appeals the need of an administrator to enact ordinances. He stated that ordinances cannot be enforced unless there is a Zoning Administrator. He further stated that it could place the City in a bad position if a case was challenged. He requested that Council move immediately to fill this position. He further informed that it would not be proper to allow the City Manager to act as Zoning Administrator, since state law states that no member of the Board of Zoning Appeals may serve as an appointment or salary employee of the municipality to which it serves even as an exofficio member. Upon further discussion as to the requirements of the position, Councilman Hilton stated that due to finances with the budget, Mr. Poluga was preferable for the position and motioned that Mr. Poluga serve on a temporary basis, while advertising the position and that the matter be referred to the City Attorney for an interpretation as to whether the City Manager is an exofficio member, said motion being seconded by Councilwoman Via. He further suggested the appointment of a "professional zoning" person, one that was familiar in the field for the position, possibly a member of Fox and Associates. Louise Moler stated that she would volunteer to serve on the Zoning Board of Appeals if a present member wished to serve as Zoning Administrator. Upon further discussion, said motion was amended and it was moved by Councilman Hilton, seconded by Councilwoman Via and unanimously voted to appoint Dennis Poluga as acting Zoning Administrator on a temporary basis and that during his appointment as Zoning Administrator, he will not be a member of the Planning Commission.

Sandy Stroech, a representative of the Jefferson County Little League appeared before Council requesting permission to

solicit donations downtown to fund three of five allstar baseball teams to attend state competitions. Mayor Park and Council expressed their concerns of liability on the City when citizens solicit in city streets. Ms. Stroeck requested of Council special consideration on her request. Councilwoman Wall suggested that Council make a donation from the Hotel/motel tax fund. Upon discussion, it was moved by Councilwoman Wall, seconded by Councilwoman Willingham and unanimously voted to donate \$500.00 to the Jefferson County Little League and that said donation will be taken from the City Hotel/Motel revenue in lieu of soliciting donations in Charles Town.

Louise Moler appeared before Council to thank the City for the removal of parking meters and the placement of residential parking only signs on her street in front of her residence.

Jeff Hildebrand, restaurant owner at 109 W. Washington Street appeared before Council to express his concerns over the recent decision of Council to allow the placement of meters on said street in two (2) parking spaces in front of his place of business as free parking spaces for postal patrons. He stated his concerns of taking parking from his customers, even though he offers parking behind said restaurant. Mayor Park informed that due to lack of parking spaces for postal patrons, that this decision was made to help accommodate the postal service. Councilwoman Via stated that this decision was made to assist in keeping the post office within city limits. Mr. Hildebrand stated that those parking spaces could have been given within the post office parking lot behind the building if the Postmaster would give up his assigned spaces and park his vehicle elsewhere. Upon further discussion, Mayor Park stated that Council would take his proposal under consideration.

Laurie Carnrick, whose residence is on the corner of Washington Street and Seminary Street appeared before Council to express her concerns regarding drug transactions in that area. She informed that she had requested assistance from the local police. She stated that she had called the police, but no action was taken. Mayor Park assured her that the drug problem in that

area was being taken care of by law enforcement, and assured that the police were responding to her telephone calls. He then referred the matter to Captain Brunswick for further comments. Captain Brunswick stated that arrests were being made in that area. Mrs. Carnrick requested if Charles Town law enforcement used the seizure law for drug activity. Mayor Park stated that if it was proven, that yes this law was enforced. Mayor Park encouraged Mrs. Carnrick to continue to report unlawful activities to the police. Sgt. Flickinger informed that officer(s) were working that area undercover, on foot but could not give specific details due to confidentiality on the matter.

Mayor Park informed Council that in past years the City had made a donation to the Bob Levitt Golf Classic from the Hotel/Motel tax revenue. He stated that in past years a \$100.00 donation was given for Sgt. Flickinger to represent the City. He requested if Council wished to donate \$200.00 for Sgt. Flickinger and Ptl. Lutman to represent the City in this years tournament. Upon discussion, it was moved by Councilwoman Wall, seconded by Councilwoman Willingham and unanimously voted to donate \$200.00 as an entry fee/donation for the two (2) officers to represent the City in this years tournament from the Hotel/Motel tax revenue.

Upon discussion, it was moved by Councilwoman Wall, seconded by Councilwoman Willingham and unanimously voted to donate \$4,000.00 to the Jefferson Memorial Park Pool Fund from the 1993-94 Hotel/Motel tax revenue.

Mayor Park informed that Joyce Rhyne had recently discussed with him the increase of commercial truck traffic through town. He stated that he had discussed the matter with Captain Brunswick and that action was being taken, radar is being set up and the law is being checked as to whether the truck contents should be covered. It is noted that Councilman Hilton left the meeting due to an emergency at his residence.

The second reading of the following proposed ordinance was made, "ESTABLISHMENT OF A SCHEDULE OF JUST AND EQUITABLE RATES OR CHANGES FOR WATER SERVICE: USE OF WATER METERS:PROVISION FOR

1001

FLAT RATE". Upon discussion, it was moved by Councilman Mills, seconded by Councilwoman Wall and unanimously voted to approve the second reading and adopt said ordinance effective immediately.

An Ordinance to amend and re-enact an ordinance establishing a schedule of just and equitable rates or charges for the use and of services rendered by the water system of the City of Charles Town, the purpose and effect of this ordinance being to provide a new increased schedule of rates as hereinafter stated.

Be it ordained by the City of Charles Town setting water rates be amended and re-enacted to read as follows:

ESTABLISHMENT OF A SCHEDULE OF JUST AND
EQUITABLE RATES OR CHANGES FOR WATER SERVICE;
USE OF WATER METERS: PROVISION FOR FLAT RATE

For the payment of the proper and reasonable expense of operation, repair, replacements, improvements, additions, betterment, extension, and maintenance of the water system and for the payment of the sums required to pay the principal and interest of all water revenue bonds as the same become due, there is hereby established a schedule of just and equitable rates or charges for the use of and services rendered by the municipal water system and works of the City of Charles, West Virginia, which schedule of rates or charges, based upon the metered amount of water supplied the premises, where possible, but providing for a flat rate when no meter is available, shall be as follows:

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

II. MULTIPLE OCCUPANCY

In apartment buildings, shopping centers or other multiple occupancy buildings, each unit shall be required to pay not less than the minimum monthly charge provided above.

RATES

Applicable in Entire Territory Served

AVAILABILITY OF SERVICE

Available for general domestic, commercial and industrial service.

METER RATE

| | | | | | |
|----------|--------|------------------------|--------|-----------|---------|
| First | 10,000 | gallons used per month | \$5.84 | per 1,000 | gallons |
| Next | 30,000 | gallons used per month | 4.88 | per 1,000 | gallons |
| All over | 40,000 | gallons used per month | 3.92 | per 1,000 | gallons |

MINIMUM CHARGE

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

| | | | |
|---------------------|-------|----------|-----------|
| 5/8" or 5/8" x 3/4" | Meter | \$ 14.60 | per month |
| 3/4" | Meter | 20.92 | per month |
| 1" | Meter | 37.44 | per month |
| 1-1/4" | Meter | 58.32 | per month |
| 1-1/2" | Meter | 84.09 | per month |
| 2" | Meter | 149.69 | per month |
| 3" | Meter | 336.32 | per month |
| 4" | Meter | 597.80 | per month |
| 6" | Meter | 1,346.24 | per month |

FLAT RATE

For Domestic, Commercial or Industrial Customers -- \$14.60 per month.

MINIMUM BILL

No bill shall be rendered for less than \$14.60 per month.

DELAYED PAYMENT PENALTY

The above schedule is net. On all accounts not paid in full within twenty (20) days after the day of the bill, five percent (5%) will be added to the net amount shown. The delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

Cosmetic service shall be billed Bi-Monthly. Commercial and Industrial service shall be billed Monthly. All bills shall be payable when rendered. When any bill has remained unpaid for thirty days (30) after rendition, it shall be deemed delinquent and the water service to the premises involved in such delinquent charges shall be discontinued until such time as all delinquent

charges plus reconnection charge of \$10.00 are paid in full.
TAPPING FEE

A fee of \$300.00 will be charged for connecting to the system.

RATES FOR FIRE PROTECTION - PUBLIC

Fire Hydrants, each \$72.00 per annum

RATES FOR PROTECTION - PRIVATE

Fire Hydrants, each \$72.00 per annum

Sprinkler Heads, each \$.20 per annum

CAPACITY IMPROVEMENT CAPITAL COST FEE

In addition to all the fees provided above, there shall be paid to the city at the time the application is made for connection of an unserved facility to the water system a capacity improvement capital cost fee of \$750.00 for each residential connection. connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth hereinafter. The funds collected from the capacity improvement capital cost fee shall be maintained in a separate fund by the Water System and shall be used only for the purpose of improving the water system treatment, storage and transmission facilities. These charges shall also be paid by customers of the water system who resell water supplied by the City to its customers in the same amount as if those connected to the resale customer system were to become direct customers of the City. The residential usage equivalent for other than single family residential units for the capacity improvement capital cost fee are as follows:

| UNIT | RESIDENTIAL USAGE EQUIVALENTS | | RESIDENTIAL USAGE EQUIVALENT |
|----------------|-------------------------------|------------------|------------------------------|
| | GALLONS PER DAY | CAPITAL COST FEE | |
| Apartments | 150/unit | | 1.0/unit |
| Bowling Alleys | 200/alley | | 1.33/alley |
| Churches | | | |
| with kitchen | 8/member | | 0.05/member |
| w/o kitchen | 2/member | | 0.013/member |

| | | |
|-------------------------------|--------------------------------|----------------------------------|
| Food Service | 32/seat | 0.213/seat |
| Fast Food | 35/seat | 0.23/seat |
| Restaurant | | |
| Bar & Cocktail | | |
| Lounge (additive) | 2/patron | 0.013/patron |
| Tavern-Little or | | |
| no food | 20/seat | 0.132/per seat |
| Hotel | 120/room | 0.8/person per shift |
| Industry, | | |
| sanitary | 15/person/shift | 0.1/person per shift |
| Institutions | | |
| Hospital | 250/bed | 1.67/bed |
| Nursing Homes | 150/bed | 1.0/bed |
| Others | 75/person | 0.5/person |
| Office Buildings | 15/person | 0.1/person |
| Laundry Self Serv. | 250/washer | 1.67/washer |
| Mobile Home Park | 150/unit space | 1.0/unit space |
| Motels | 120/room | 0.8/room |
| Retail Stores | 400/toilet room | 2.67/toilet room |
| Residence, | 150/residence | 1.0/residence |
| School | | |
| Day, no cafeteria/ showers | 15/pupil | 0.1/pupil |
| Day w/cafeteria | 18/pupil | 0.12/pupil |
| Day w/cafeteria/ showers | 20/pupil | 0.133/pupil |
| Boarding | 75/pupil | 0.5/pupil |
| Service Station | 500/set of pumps | 3.33/set of pumps |
| Shopping Centers | 16/100 ft of sales area | 0.12/100 ft of sales area |
| Swimming Pools | 100/swimmer design capacity | 0.067/swimmer design capacity |
| Theaters | | |
| Drive In | 4/car space | 0.027/car space |
| Others | 3/seat | 0.02/seat |
| Warehouse | 15/employee | 0.1/employee |

If a unit does not appear on this schedule the water department shall determine its Residential Usage Equivalent in consultation with its consulting engineer.

The rates and charges set forth shall become effective forty five days after passage.

Any ordinance inconsistent with the provisions hereof, are hereby expressly repealed to the extent of such inconsistency.

The City Clerk has caused to have published a copy of this Ordinance once each week for two successive weeks in the Spirit of Jefferson Advocate, a newspaper published in the City of Charles Town, West Virginia, and the same shall constitute notice to all persons concerned that the Bill herein stated has been introduced at a meeting of the City Council on June 19, 1995 and that the City Council contemplates the amendment of the Schedule of Rates and charges as set forth in said Bill as the just and equitable rates or charges for use of and the service rendered by the water system and works of the City of Charles Town, West Virginia and that any person interested may appear before Council on the 17th day of July, 1995 at 7:30 PM, in the City Council chamber, City of Charles town and present to the Council any protest or objection he may have to the rates or charges proposed in such Bill. The first day of the successive publication aforesaid shall be at least ten (10) days prior to the date set for the hearing of protests.

A copy of the proposed Ordinance is available for public inspection in the Office of the City Clerk.

/s/ Brenda S. Hamilton
City Clerk

The second reading of the following proposed agreement was made, "RECIPROCAL EXCHANGE OF TAX INFORMATION AGREEMENT BETWEEN THE STATE OF WEST VIRGINIA AND THE CITY OF CHARLES TOWN". Upon discussion, it was moved by Councilwoman Via, seconded by Councilwoman Wall and unanimously voted to approve the second reading and enter into said agreement effective immediately and that the Mayor shall execute same.

The second reading of the following proposed ordinance was

made, "MUNICIPAL ORDINANCE - AN ORDINANCE TO AMEND THE CITY OF CHARLES TOWN MUNICIPAL CODE BY ADDING SECTION 745.17". Upon discussion, it was moved by Councilwoman Willingham, seconded by Councilwoman Wall and unanimously voted to approve the second reading and adopt said ordinance effective immediately:

MUNICIPAL ORDINANCE

An Ordinance to Amend the City of Charles Town Municipal code by Adding Thereto Section 745.17.

BE IT ORDAINED BY THE COMMON COUNCIL OF THE CITY OF CHARLES TOWN That the following ordinance be added to the City of Charles Town Municipal Code as Section 745.17

Section 745.17 Penalties for Unlawful Disclosure of Information.

Any officer, employee, or Agent of the City of Charles town or any former officer, employee, or agent of the City of Charles Town who shall divulge facts or information obtained from returns or tax statements other than for the purpose of administering such tax shall be guilty of a misdemeanor and, upon conviction thereof, shall be subject to a fine of not more than one thousand dollars or imprisonment for not more than one year, or both, together with costs of prosecution.

Any officer, employee, or agent of the City of Charles Town or any former officer, employee, or agent of the City of Charles Town who shall make unauthorized disclosure of information received from the State Tax Commissioner under authority of Section 745.17 of this Code shall be guilty of a misdemeanor and, upon conviction thereof, shall be subject to a fine of not more than one thousand dollars or imprisonment for not more than one year, or both, together with costs of prosecution.

For the purposes of this Code, "unauthorized disclosure" shall mean the release to any person of any tax information obtained by the City of Charles Town from the State Tax Commissioner unless (1) the person receiving the information is the authorized counsel of the City of Charles Town and shall be using the information only for the purpose of administering Business and Occupation Tax, Sales Tax from single location

businesses, or Liquor Sales Tax, or (2) the person who filed the return has authorized, in writing, its release, thereby waiving his right of secrecy.

Mr. Poluga presented to Council a Resolution to authorize an application for funding in the amount of \$38,000.00 to develop a strategy for downtown Charles Town. Mayor Park read the resolution in its entirety. Upon discussion, it was moved by Councilwoman Via, seconded by Councilwoman Wall and unanimously voted to approve said resolution and that the Mayor shall execute same.

RESOLUTION BY THE TOWN COUNCIL OF CHARLES TOWN

WHEREAS there is need, in the City of Charles Town, to plan for the future of the Downtown and;

WHEREAS funding has been made available under the Small Cities Program of the Housing and Community Development Act of 1974, as amended,

NOW, THEREFORE, BE IT RESOLVED, that the Town Council of the City of Charles Town hereby authorized an application to be filed with the State of West Virginia, for funding in the amount of \$38,000 under the aforesaid Small cities Program, to be used for the development of an overall strategy to revitalize the Central Business District and;

BE IT FURTHER RESOLVED that the Mayor of the City of Charles Town is designated as the Chief Executive Officer, authorized hereby to represent the City of Charles Town in the administration of the Small Cities Program, as well as the execution to the attached application for participation therein.

CITY OF CHARLES TOWN

/s/ Rufus W. Park

Mayor Rufus W. Park

Attest:

/s/ Brenda S. Hamilton

Mayor Park opened the floor for discussion regarding the first reading of a proposed ordinance by title, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST

VIRGINIA WITH REGARD TO BUILDING PERMITS, ORDINANCE NO. 95- -". Upon discussion, it was moved by Councilman Mills, seconded by Councilwoman Willingham and unanimously voted to approve the first reading of an ordinance "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO BUILDING PERMITS, ORDINANCE NO. 95- -".

Mayor Park opened the floor for discussion regarding the first reading of a proposed ordinance by title, "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PERMIT FEES, ORDINANCE NO. 95 - -". Upon discussion, it was moved by Councilwoman Willingham, seconded by Councilwoman Via and unanimously voted to approve the first reading of an ordinance "AMENDMENT TO THE CODIFIED BUILDING CODES OF THE CITY OF CHARLES TOWN, WEST VIRGINIA WITH REGARD TO PERMIT FEES, ORDINANCE NO. 95 - -".

Mr. Poluga informed Council that a new signature was needed on the Community Development checking account signature card on the account at the Bank One. Jane Arnett explained that James Grove's signature was on the card and that due to his no longer being employed by the City, a replacement signature was in need. Upon discussion, it was moved by Councilman Robinson, seconded by Councilman Mills and unanimously voted that two (2) persons must sign checks for the Community Development checking account, and that they may be any two of the following three persons; the Mayor, the Mayor Pro-tem or Treasurer (Rufus W. Park, Elizabeth Ann Wall and Robert Cain). It is noted that at 9:30 p.m. Councilman Hilton returned to the meeting.

Mayor Park opened the floor for comments regarding the proposed amendment to the Zoning Ordinance. Upon discussion, it was moved by Councilwoman Via, seconded by Councilman O'Donnell and unanimously voted to approve and adopt the changes to Article 4, Page 21, Section 4.1 Zoning Districts and Zoning Map effective immediately and as follows: Add: Paragraph f.) Re-zone the property located at Tax Map 2, parcel 138 known as the Grace M. Link, Estates - 219/221 N. Mildred Street, Charles Town, West Virginia from Residential Multi-Family Use to Office Residential

Use.

Jane Arnett informed Council that two (2) appointees were in need on the Building Commission as well as an additional appointee member on the Zoning Board of Appeals. Upon discussion, Mr. Poluga was instructed to run an advertisement of these positions in the local newspaper.

Jane Arnett presented to Council a copy of a Resolution for the lease/purchase of a vehicle for the Charles Town Waste Water Treatment Plant in the amount of \$13,968.00. Upon discussion, it was moved by Councilman Hilton, seconded by Councilman Mills and unanimously voted to accept said Resolution and that the Mayor execute same.

RESOLUTION BY THE TOWN COUNCIL OF CHARLES TOWN

WHEREAS there is need, at the Charles Town Waste Water Treatment Plant, for a vehicle, and;

WHEREAS the Town Council of Charles Town has agreed to purchase a 1995 vehicle through Lease-Purchase,

NOW, THEREFORE, BE IT RESOLVED, that the Town Council of the City of Charles Town hereby authorizes the execution and delivery of a Lease-Purchase Agreement in the amount of \$13,968.00 between the City of Charles Town, West Virginia, and Bank One Leasing Corporation, Municipal Leasing Division, for the acquisition of one (1) pickup truck and providing for sixty (60) monthly lease purchase payments of \$292.01 available from legally available funds.

CITY OF CHARLES TOWN

/s/ Rufus W. Park

Mayor Rufus W. Park

Attest:

/s/ Brenda S. Hamilton

Upon motion by Councilwoman Wall and seconded by Councilman O'Donnell, all bills were unanimously approved as presented.

MANAGER'S REPORT:

Mr. Poluga informed Council that the Jefferson County

Commission requests to purchase ten (10) parking spaces from the city parking lot behind the Jefferson County Mental Health Office for use as juror parking. Upon discussion, Council agreed to allow said parking spaces for juror parking as long as the Jefferson County Commission shall pay the City's rate per space per year. Mr. Poluga will present said offer by letter to the Jefferson County Commission and report back to Council his findings.

Mr. Poluga presented to Council a copy of a Resolution to authorize the filing of an application with the West Virginia Division of Natural Resources for the purpose of acquiring funds to purchase equipment (disc chipper). Upon discussion, it was moved by Councilman Hilton, seconded by Councilwoman Via and unanimously voted to accept said Resolution and that the Mayor execute same.

RESOLUTION NO. _____

A RESOLUTION AUTHORIZING THE CITY OF CHARLES TOWN TO FILE AN APPLICATION AND ENTER INTO AGREEMENT WITH THE WEST VIRGINIA DIVISION OF NATURAL RESOURCES FOR THE PURPOSE OF ACQUIRING FUNDS THROUGH THE WEST VIRGINIA RECYCLING ACT GRANT PROGRAM PURSUANT TO THE WEST VIRGINIA RECYCLING ACT OF 1991.

WHEREAS, millions of dollars are spent in West Virginia each year to remove unsightly and unsanitary litter from along streets, roads, waterways, recreational places and other public areas; and

WHEREAS, the City of Charles Town recognizes the existence of a litter problem with the boundaries of the City of Charles town and the need to address the problem at the local level; and

WHEREAS, the West Virginia Recycling Act of 1991 provides, through the Division of Natural Resources, Conservation Education and Litter Control Section for the allocation of funds in the form of grants for the purposes of initiating and/or expanding recycling programs.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF CHARLES TOWN OF THE STATE OF WEST VIRGINIA:

SECTION 1. That the Charles Town City Council hereby

endorses and supports a Litter Prevention and Recycling Program for the City and authorizes the implementation of said program, if approved, as indicated in its application.

Section 2. That the Mayor is hereby authorized to apply for and, if awarded, enter into agreement with the Division of Natural Resources to administer a grant and implement said program, and that the Mayor is authorized to sign said agreement.

Section 3. That the City of Charles Town hereby requests the Division of Natural Resources, Conservation Education and Litter Control Section to consider and fund its application project.

Section 4. That it is found and determined that all formal action of this City Council concerning and relating to the adoption of this resolution were adopted in an open meeting on this the 17th day of July, 1995 and that all deliberations of this City Council and of any of its committees that resulted in such formal action were in meetings open to the public in compliance with all legal requirements.

RESOLUTION NO. _____ ADOPTED ON July 17, 1995

Mayor Park informed Council that Council had approved previously, Mr. Grantham of Tudor Farm to conduct a Farmers Market at the 100 block of Charles Street on Thursday afternoons. It is noted that said street would be closed. Mayor Park informed that a few Saturday's ago, said block was closed by Ellen Hornbeck of FOCUS without Council's permission. He stated that another vendor had set up in the same area last Wednesday without Council's consent. He stated that a letter was forwarded to FOCUS stating that a request must be made to Council before conducting said activity. Mayor Park stated that a activity permit was received from Natalie Hardin, a representative of Youth United with FOCUS requesting a Youth Farmers Market on Charles Street, Saturday mornings, selling fruits and vegetables in season with 2-3 vendors participating. Captain Brunswick stated his objections to closing the street on a Saturday. Upon discussion, it was moved by Councilman Hilton, seconded by

Councilman Mills and unanimously voted to deny said request. It is noted that Council wishes to remain consistent with market/vendor sales on Wednesdays only.

Jane Arnett distributed to Council a copy of the Charles Town Water Department Revenue & Expense Budget for the period of 7/1/95 to 6/30/96, Charles Town Sewer Department Revenue & Expense Budget for the period 7/1/95 to 6/30/96, City of Charles Town General Fund - Detail of Changes as of July 11, 1995 and City of Charles Town General Fund Financial Statement showing revisions and changes. She informed that salary increases were included along with cost of living raises and reviewed with Council the changes and adjustments that were made. Mayor Park requested clarification of the pay increases and cost of living increments. Mr. Poluga informed of those employees who would receive a pay increase. Upon further discussion, it was moved by Councilwoman Willingham, seconded by Councilwoman Wall and unanimously voted to approve as presented the Charles Town Water Department Revenue & Expense Budget for the period of 7/1/95 to 6/30/96, the Charles Town Sewer Department Revenue & Expense Budget for the period 7/1/95 to 6/30/96 and the City of Charles Town General Fund with revisions, which includes the 3% pay increase, the 2nd year pay plan and the re-structuring of officers.

COUNCIL REPORTS:

Councilwoman Via informed Council that she had contacted by Sue Welt of 604 S. Mildred St. and informed that the alley behind said residence was not open for access to emergency vehicles, that said alley was being used as a parking area by residents. Upon discussion, it was moved by Councilwoman Willingham, seconded by Councilwoman Wall and unanimously voted to refer the matter to the Street Committee. It is noted that a letter will be forwarded to Mrs. Welt informing that the matter was brought before council.

Councilman Robinson informed that a street light at 548 Eagle Avenue was blinking and was in need of repair. Mr. Poluga stated that he would contact Potomac Edison on the matter. He also

informed Council that a community picnic will be held on July 20, 1995 at 5:30 p.m. at Evitts Run Park.

Councilman Mills informed that he was approached and informed by Dr. Masters that the Zion Methodist Church wished to lower the ceiling in their building to reduce heating and cooling costs. He stated that Mr. Grove informed him of the permits etc. but was unclear as to the procedure. Mr. Poluga stated that he would contact Dr. Masters to obtain details on the matter and report his findings to Council.

Councilwoman Willingham proposed to Council that Seminary Street be made a one-way street from Washington Street to Liberty Street. Upon motion by Councilwoman Willingham, seconded by Councilwoman Via and unanimously voted, the matter was referred to the Street Committee.

Councilman O'Donnell informed that a street sign on the corner of E. Liberty and Seminary Street was missing. Mr. Poluga stated that he would check into the matter and that it was possible that the sign was taken down to be painted by the City.

Captain Brunswick distributed to Council a copy of a letter dated February 21, 1995 from Darrell G. Penwell, Director of Jefferson County Emergency Services. The letter detailed the cost of installing a telephone line upon which the 725-2714 line would be setup for call forwarding at the Emergency Communications Center during hours when officers were out of the office on call. He informed that the monthly cost would be approximately \$28.00 and installation approximately \$102.00 and requested Councils approval. Upon discussion, it was moved by Councilman Robinson, seconded by Councilwoman Willingham and unanimously voted to approve the request.

Captain Brunswick informed Council that on July 17, 1995 a court docket with 128 people was scheduled and that on July 27, 1995 a court docket with 72 people was scheduled. He informed Council that municipal court sessions twice a month were not sufficient due to the docket over-load and requested permission to schedule additional sessions per month. Upon discussion, it was moved Councilwoman Wall, seconded by Councilwoman Willingham

and unanimously voted to compensate the Municipal Judge in the amount of \$100.00 per court session and that the number of sessions conducted be left up to the discretion of Captain Brunswick.

At 9:45 p.m., it was moved by Councilman Robinson, seconded by Councilwoman Willingham and unanimously voted to go into executive session to discuss personnel matters.

At 12:30 a.m., it was moved by Councilman Mills, seconded by Councilwoman Via and unanimously voted to reconvene into regular session.

It was moved by Councilman O'Donnell, seconded by Councilman Mills and unanimously voted to eliminate and abolish the position of City Manager, due to budgetary restraints, effective immediately, and to authorize the Mayor to advise Dennis Poluga that his employment has been terminated, with severance pay through August 18, 1995.

At 12:35 a.m., it was moved by Councilman Robinson, seconded by Councilwoman Willingham and unanimously voted to adjourn.

MAYOR: _____

CLERK/RECORDER: _____

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, W. Va. June 29 1995

I hereby certify that the annexed City of Charles Town setting water rates
in the case of Establishment of a schedule of just & equitable rates or changes
for water service, use of water meters: Provision for flat rate

has been published once a week for two successive weeks, in the Spirit of Jefferson
Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of
June 29 and July 06, 1995,

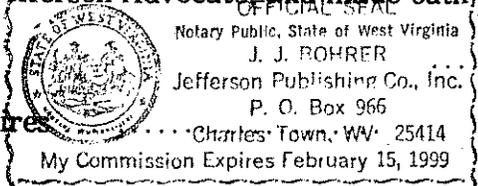
as required by law.

Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

Personally appeared before me, R Meade Dorsey, Editor/Manager

of the Spirit of Jefferson Advocate, and made oath that the above certificate is true and correct.



Notary Public

Commission expires

Certificate of Publication

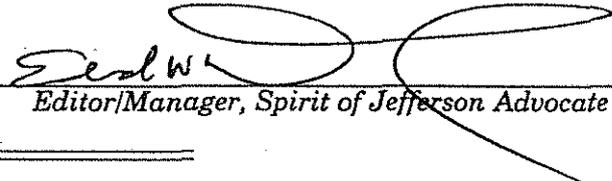
JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, WV, August 12, 1999

I hereby certify that the annexed Notice

in the case of Amendment to the codified codes of the City of Charles Town, WV,
with regard to Chapter Three, utilities Article No. 921, Sewers/
Establishment of a schedule of just and equitable rates or charges
for sewer service: Use of water meters: provision for flat rate
has been published once a week for two successive weeks, in the *Spirit of Jefferson*
Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of
August 12 and August 19, 1999

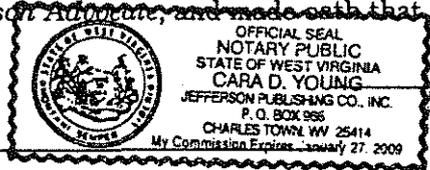
as required by law as a Legal Advertisement.



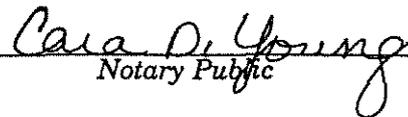
Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

Personally appeared before me, Edward W. Dockeney, Jr. Editor/Manager
of the *Spirit of Jefferson Advocate*, and made oath that the above certificate is true and correct.



Commission expires



Notary Public

CITY OF CHARLES TOWN

Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

MINUTES ON ADOPTION AND ENACTMENT OF BOND ORDINANCE
(THIRD READING FOLLOWING PUBLIC HEARING)
AND ADOPTION OF SUPPLEMENTAL RESOLUTION

I, Brenda S. Hamilton, Clerk of the City of Charles Town (the "City"), hereby certify that the following is a true and correct excerpt of the minutes of a regular meeting of the Council of the City:

* * *

* * *

* * *

The Council of the City met in regular session, pursuant to notice duly given, on the 19th day of June, 2000, in Charles Town, West Virginia, at the hour of 7:30 p.m.

PRESENT: J. Randolph Hilton - Mayor
Brenda S. Hamilton - Clerk
Randy Breeden - Councilmember
John A. Ward - Councilmember
Matthew W. Ward - Councilmember
Russell C. Miller, Jr. - Councilmember
William F. Jordan, Jr. - Councilmember
Geraldine Willingham - Councilmember

ABSENT: Violet Lowery - Councilmember
Timothy Robinson - Councilmember

The Mayor announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Mayor presented a proposed Bond Ordinance in writing entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE

THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Bond Ordinance be finally enacted and put in full force and effect on and from the date hereof.

Next, the Mayor presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISIONS, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000 A (WEST VIRGINIA SRF PROGRAM), OF THE CITY OF CHARLES TOWN; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

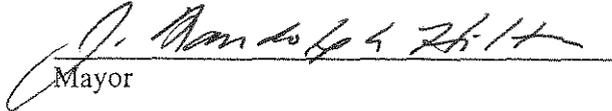
and caused the same to be read and there was discussion. Thereupon, on motion duly made and seconded, it was unanimously ordered that the said Supplemental Resolution be adopted and put in full force and effect on and from the date hereof.

* * *

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* * *

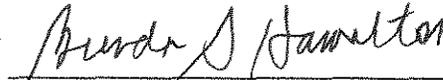
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.



Mayor

I further hereby certify that the foregoing action of the Council remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 22nd of June, 2000.


Clerk

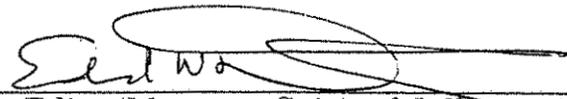
06/14/00
144220/99002

Certificate of Publication

JEFFERSON PUBLISHING COMPANY, INC., Publisher
SPIRIT OF JEFFERSON ADVOCATE

Charles Town, WV, June 8, 2000

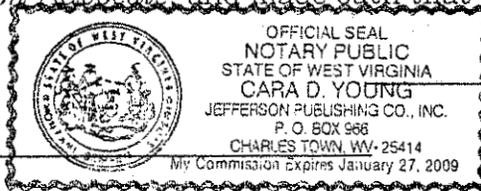
I hereby certify that the annexed Notice of public hearing on bond ordinance
in the case of authorizing the acquisition of certain additions...to the sewerage
portion of the existing public combined waterworks and sewerage system
of the city of Charles Town
has been published once a week for two successive weeks, in the *Spirit of Jefferson*
Advocate, a newspaper published in Charles Town, Jefferson County, West Virginia, in the issues of
June 8 and June 15, 2000
as required by law as a Legal Advertisement.

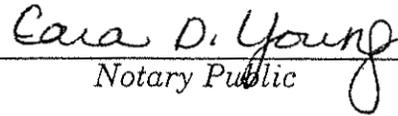


Editor/Manager, Spirit of Jefferson Advocate

State of West Virginia
County of Jefferson

Personally appeared before me, Edward W. Dockeney, Jr. Editor/Manager
of the *Spirit of Jefferson Advocate*, and made oath that the above certificate is true and correct.





Notary Public

Commission expires _____

NOTICE OF PUBLIC HEARING ON BOND ORDINANCE

A public hearing will be held on the following-entitled Ordinance at a regular meeting of the Council of the City of Charles Town (the "City") to be held on June 19, 2000, at 7:30 p.m. at the Charles Town City Hall, Charles Town, West Virginia, and at such hearing any person interested may appear before the Council and present protests, and all protests and suggestions shall be heard by the Council, and it shall then take such actions as it shall deem proper in the premises upon an Ordinance entitled:

ORDINANCE AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE SEWERAGE PORTION OF THE EXISTING PUBLIC COMBINED WATERWORKS AND SEWERAGE SYSTEM OF THE CITY OF CHARLES TOWN AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE CITY OF NOT MORE THAN \$3,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF COMBINED WATERWORKS AND SEWERAGE SYSTEM REVENUE BONDS, SERIES 2000A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING RATING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-entitled Ordinance was adopted by the Council of the City on June 5, 2000.

The above-quoted title of the Ordinance describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The City contemplates the issuance of the Bonds described in said Ordinance. The proceeds of the bonds will be used to permanently finance costs of acquisition and construction of certain additions, betterments and improvements to the sewerage portion for the existing combined waterworks and sewerage system of the Issuer. The Bonds are payable solely from revenues to be derived from the ownership and operation of the combined waterworks and sewerage system of the City. No taxes may at any time be levied for the payment of the Bonds of the interest thereon.

The Bonds shall not constitute indebtedness of the City, but shall be limited obligations of the City, payable solely from the property, revenues and moneys pledged therefor, and neither the Bonds nor the interest thereon, nor any charge in connection therewith, shall be a charge against the general credit or taxing powers of the City, nor shall the same ever constitute an indebtedness of the City within the meaning of any constitutional provision or statutory limitations.

A certified copy of the above-entitled Ordinance is on file with the Council at the office of the City Clerk of the City for review by interested parties during regular office hours.

Following said public hearing the Council intends to enact said Ordinance upon final reading.

Dated: June 8, 2000.

Brenda S. Hamilton
City Clerk

6/8/20

STEPTOE & JOHNSON

ATTORNEYS AT LAW

BANK ONE CENTER

SEVENTH FLOOR

P. O. BOX 1588

CHARLESTON, W. VA. 25326-1588

(304) 353-8000

FACSIMILE (304) 353-8180

BANK ONE CENTER, SIXTH FLOOR
P. O. BOX 2190
CLARKSBURG, W. VA. 26002-2190
(304) 624-8000
FACSIMILE (304) 624-8183

1000 HAMPTON CENTER
P. O. BOX 1616
MORGANTOWN, W. VA. 26507-1616
(304) 598-8000
FACSIMILE (304) 598-8116

126 EAST BURKE STREET
P. O. BOX 2629
MARTINSBURG, W. VA. 25402-2629
(304) 263-6991
FACSIMILE (304) 262-3541

HILEY BUILDING, FOURTH FLOOR
14TH AND CHAPLINE STREETS
P. O. BOX 189
WHEELING, W. VA. 26003-0020
(304) 233-0000
FACSIMILE (304) 233-0014

THE RIVERS OFFICE PARK
200 STAR AVENUE, SUITE 220
P. O. BOX 828
PARKERSBURG, W. VA. 26102-0628
(304) 422-6463
FACSIMILE (304) 422-6462

ALAN B. MOLLOHAN INNOVATION CENTER
1000 TECHNOLOGY DRIVE
P. O. BOX 2210
FAIRMONT, W. VA. 26554-8624
(304) 366-8000
FACSIMILE (304) 366-8413

WRITER'S DIRECT DIAL NUMBER

June 23, 2000

(304) 353-8196
WRITER'S E-MAIL ADDRESS
STUMPJC@steptoe-johnson.com

City of Charles Town
Combined Waterworks and Sewerage System Revenue Bonds,
Series 2000 A (West Virginia SRF Program)

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Internal Revenue Service
Internal Revenue Service Center
Ogden, Utah 84201

Ladies and 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 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,


John C. Stump

JCS/cgl
Enclosure
144220/99002

CL616342.1

FILE COPY

(Rev. May 1999)

Under Internal Revenue Code section 149(e)

See separate instructions.

Department of the Treasury Internal Revenue Service

Caution: Use Form 8038-GC if the issue price is under \$100,000.

Reporting Authority section with fields for Issuer's name, City of Charles Town, Report number G 00 -01, Date of issue June 22, 2000, Name of issue City of Charles Town, Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A, Name and title of officer or legal representative Jane Arnett, CPA, City Manager, Telephone number of officer or legal representative (304) 725-2311.

Type of Issue section with checkboxes for Education, Health and hospital, Transportation, Public safety, Environment (including sewage bonds), Housing, Utilities, Other. Describe. Includes a 'RECEIVED' stamp dated JUN 27 2008 from OGDEN, UT.

Description of Obligations table with columns: (a) Final maturity date, (b) Issue price, (c) Stated redemption price at maturity, (d) Weighted average maturity, (e) Yield. Row 21: 12-01-2021, \$ 3,163,778.1, \$ 48,080.21, 12.230 years, 2.0095 %.

Uses of Proceeds of Bond Issue table with columns: Description, Amount. Rows include: Proceeds used for accrued interest, Issue price of entire issue, Proceeds used for bond issuance costs, Proceeds used for credit enhancement, Proceeds allocated to reasonably required reserve or replacement fund, Proceeds used to currently refund prior issues, Proceeds used to advance refund prior issues, Total (add lines 24 through 28), Nonrefunding proceeds of the issue.

Description of Refunded Bonds section with fields for remaining weighted average maturity, date on which the refunded bonds will be called, and date(s) the refunded bonds were issued.

Miscellaneous section with fields for state volume cap, gross proceeds invested, guaranteed investment contract, pooled financings, and issuer designations.

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.

Please Sign Here

Signature of issuer's authorized representative: J. Randolph Hilton

Date: 06/22/00

Type or print name and title: J. Randolph Hilton, Mayor



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

NEW ISSUE REPORT FORM

Date of Report: June 22, 2000

ISSUE: City of Charles Town Combined Waterworks and Sewerage System Revenue Bonds, Series 2000 A (West Virginia SRF Program)

ADDRESS: Post Office Box 14, Charles Town, West Virginia 25414 COUNTY: Jefferson

PURPOSE OF ISSUE: New Money: X
Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: June 22, 2000 CLOSING DATE: June 22, 2000

ISSUE AMOUNT: \$3,163,781 RATE: 2%; 1% Administrative Fee

1ST DEBT SERVICE DUE: March 1, 2002 1ST PRINCIPAL DUE: March 1, 2002

1ST DEBT SERVICE AMOUNT: \$48,079.91 PAYING AGENT: Municipal Bond Commission

BOND

COUNSEL: Steptoe & Johnson
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS

COUNSEL: Jackson & Kelly
Contact Person: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: F & M Bank - West Virginia, Inc.
Contact Person: _____
Phone: (304)

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT

Contact Person: Jane Arnett, CPA
Position: City Manager
Phone: (304) 725-2311

OTHER: WV Division of Environmental Protection

Contact Person: Ms. Rosalie Brodersen
Function: Branch Leader
Phone: (304) 558-0637

DEPOSITS TO MBC AT CLOSE: _____
By: _____ Wire _____
_____ X Check _____
Accrued Interest: \$ _____
Capitalized Interest: \$ _____
X Reserve Account: \$ 192,320
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: _____

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

REMITTER: WATER DEPT-CAPACITY IMPROVEMENT



BANK OF CHARLES TOWN
CHARLES TOWN, WEST VIRGINIA 25414

96015

DATE 06-09-2000

69-141/570

PAY TO THE ORDER OF WV MUNICIPAL BOND COMMISSION

\$192,320.00

BANK OF CHARLES TOWN \$ 192,320 dols 00 cts

CASHIER'S CHECK

IF OVER \$10,000.00 TWO SIGNATURES REQUIRED

Cathy J. Frazier

AUTH. SIG.

Clara K. Carroll

AUTH. SIG.

MP

⑈096015⑈ ⑆057001418⑆

004000013⑈

DELUXE COO - 1829030